



Daily Report

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Further Reportage on Mideast Peace Conference

Signs of 'Flexibility' Emerge

OW2910135891 Beijing XINHUA in English
1256 GMT 29 Oct 91

[By Yu Dabo and Gao Qiuju: "Signs of Flexibility Emerge Before Conference Opens"—XINHUA headline]

[Text] Madrid, October 29 (XINHUA)—Only one day away from the opening of the Mideast peace conference, Arab and Israeli officials have indicated some kind of flexibility over some controversial issues, notably the dispute over the venue of bilateral talks.

Arab and Israeli sources, however, noted that the flexibility does not imply the possibility of major breakthroughs as it only demonstrates the intentions of conflicting parties to avoid disrupting the long-sought peace conference.

As scheduled, the three-day ceremonial conference will be followed by bilateral talks focusing on territorial issues and then multilateral negotiations on such issues as arms control, water resources and environment.

The Arab countries have insisted that bilateral talks be held in Madrid or other places outside the Middle East as a sign of international support. But Israel, keen on keeping the talks as a regional affair, wants to negotiate inside the Middle East to avoid direct international involvement.

But as the conference is drawing near, the two sides appeared to have backed from their insistences in an apparent move to concentrate on major issues.

"The controversy is not a principled question and Israel does not want to create a crisis over it," Yossi Olmert, director of the Israeli Government Press Office, said in an interview with XINHUA here.

Olmert, who arrived here last week leading an advance party of the Israeli delegation to the conference, indicated, however, that Israel also wants the Arabs to show flexibility over the issue.

As a compromise, he said, bilateral talks could start in Madrid and then be shifted to certain places in the Middle East.

Palestinians, meanwhile, seemed to have budged on the controversy as well.

"The problem is not where the talks will be held but their substance," Muhamoud Shtayyeh [name as received], an advisor to the Palestinian delegates attending the conference, also told XINHUA here.

But he added that "since we are all in Madrid, why not hold the talks here?"

Conference sources said direct talks are being planned for Madrid next week and will probably be moved later

to the Middle East. This move, they added, is reconciliatory for the demands of both Israel and the Arabs.

"We foresee the (bilateral) talks in Madrid and it will be our honor to have the talks held here," Javier Zarzalejo, a chief organizer from the Spanish side in the joint Spanish-American-Soviet committee, told a press conference.

Meanwhile, conference sources said a crisis over the Palestinian representation also appears subduing.

They cited the arrival Monday of the Palestinian delegates, including those rejected before by Israel for claiming they were authorized by and represent the PLO.

In response to a question whether the crisis was over, Faysal al-Husayni, general coordinator for the Palestinian delegates, said after arrival in Madrid, "we all have come, anyway."

Palestinian sources said all their designated delegates would attend the conference, but they warned this did not rule out the possibility that Israel might revive the crisis in the course of the parley.

'News Analysis' on Conference

OW2910142191 Beijing XINHUA in English
1349 GMT 29 Oct 91

[("News Analysis" by Li Zhurun: "'Land-for-Peace,' 'Peace-for-Peace'—the Wrangling Continues"—XINHUA headline]

[Text] Madrid, October 29 (XINHUA)—The long-standing feud between Israel and its Arab neighbors looks set to continue despite their willingness to participate in the Soviet-American brokered Middle-East peace conference which opens here Wednesday.

The two positions are as simple as they are far apart.

Israel stands for what can be best summarized as the principle of "peace-for-peace," demanding peace treaties with the Arabs without a reciprocal ceding of Arab lands it has long occupied.

The Arabs seek a quid pro quo before they make peace with Tel Aviv—they want their territory returned and champion the principle of "land-for-peace."

And then there are the Palestinians, whose delegates arrived here Monday in a joint delegation with Jordan. They are asking Israel to reciprocate for the "sacrifices" they have made and to "give peace a chance."

Now, at least, the two sides will face each other across the conference table, following U.S. Secretary of State James Baker's eight trips to the Middle East since March.

Baker has finally helped bring the horses to the water. The question now is whether he can yet make them drink.

"We should not go to the conference thinking that these two and a half days will produce peace in the Middle

East," Baker conceded in Washington on Monday. As he is the first to admit, the horses may start kicking each other at any time.

Baker has predicted numerous hitches and even disruptions, a view backed in recent days by the American and Soviet presidents and there is little they can do to prevent errant horses from bolting.

Interviews conducted by XINHUA in Madrid have confirmed that optimism is in short shrift. Few voices talk of quick results in the bilateral and multilateral talks that will follow Wednesday's pomp and ceremony when Presidents Bush and Gorbachev officially open the proceedings.

Speaking to XINHUA at the five-star Husa Princesa Hotel, Yossi Olmert, director of the Israeli Government Press Office, said Tel Aviv insists on signing "formal and binding" treaties as a first step toward a settlement of the Middle East problem.

Israel, he said, "wants to know first whether Arab countries wish to do this and then it can discuss other problems."

For their part, the Arabs see land as the top priority.

The Jewish state captured the West Bank and East Jerusalem from Jordan, the Gaza Strip from Egypt and the Golan Heights from Syria in the Six-Day War of 1967—this is the land the Arabs want returned.

"The ball is in the Israeli court and they have to respond to the international community's call by accepting all relevant U.N. resolutions including Resolutions 242 and 338," said Muhamoud Shtayyeh [name as received], an advisor to the Palestinian caucus accompanying the Jordanian delegation.

Arabs view the two resolutions as a call for Israel to withdraw from all the Arab territories it has occupied.

But Israel considers these territories vital to its security and has advanced a different interpretation of the resolutions to justify its occupation.

Olmert repeated this interpretation, arguing Israel had implemented the resolutions by returning the Sinai peninsula to Egypt following the signing of the Camp David peace accord in 1979.

Besides, Israel is as suspicious as ever.

The Jewish state "will not risk" a withdrawal from the occupied territories while it "faces the threat of military build-up in the Middle East," said Olmert.

Moreover, Tel Aviv remains resolute in rejecting statehood for the Palestinians. "Israel must be tough on this issue," Olmert said.

Protocol and procedural details of the peace parley released thus far appear designed to appease Israel on this point.

No flags will be flown in Madrid because in Israel and the occupied territories, the Palestinian flag is outlawed.

Nor will the host country organize social functions such as welcome dinners for the delegates. This is apparently to avoid any accidental meeting between Israeli and Syrian delegates.

In fact, Syrian Foreign Minister Faruq al-Shar' has said he will not shake hands with the Israelis during the peace talks.

Syria demands the return of the Golan Heights. Damascus has said it will boycott the multilateral talks if Israel shows no signs of commitment to the implementation of U.N. Resolutions 242 and 338 in bilateral discussions.

Madrid will also see no group photo-call. After all, the basic positions of the conflicting parties stand too far apart.

Nevertheless, it is also premature to predict an early failure for the peace negotiations. Israel's tacit agreement to the choice of Madrid as the venue for the bilateral talks is one hopeful sign.

"This is not a principled question and Israel does not want to create a crisis over it," Olmert told XINHUA, referring to the undecided venue for Israel's separate talks with Syria, Lebanon and the joint Jordanian-Palestinian delegation which might begin immediately after the conference.

Syria insists the bilateral talks be held in Madrid as an outgrowth of the peace parley. Israel had leaned towards a Middle-East location, alternating between Galilee in northern Israel and a border town in Syria.

Damascus has refused to enter Israel or to allow Israelis to come to Syria. This is to prevent the Jewish state from gaining any extra measure of legitimacy without making concessions in return.

The horses have come to the start-line. What remains to be seen is how they will run.

Syrian Delegation Statement

*OW2910143491 Beijing XINHUA in English
1403 GMT 29 Oct 91*

[Text] Damascus, October 29 (XINHUA)—A Syrian delegation left here today for Madrid to attend the Mideast peace conference slated for October 30.

The leader of the delegation is Muwaqqat 'Allaf, an ambassador attached to the U.N. office in Geneva, an official statement issued here said.

It said the delegation comprises mainly diplomats who include Maj. Gen. 'Adnan Tayyarah, head of the Syrian side on the armistice committee with Israel, and Ahmad 'Arnus, head of the foreign minister's office.

A source here said Foreign Minister Faruq al-Shar' is included in the delegation, but Syria has lowered its level

to express complaints about Israel's tough stand of refusing to return the Golan Heights to Syria.

The delegates will stick to the policy of President Hafiz al-Asad demanding implementation of U.N. Security Council Resolution 242 which urges Israel to pull out of the Arab lands seized in the 1967 Mideast war, including the Golan Heights, government-run newspapers here said.

"We are going to the peace conference on the basis of the U.N. resolutions," said AL-THAWRAH, adding, "What remains to be seen is whether the international community will fulfil its commitments" and enforce the U.N. resolutions.

Another paper TISHRIN said, "What is demanded is an end to Israeli expansionism and occupation of Arab land and recognition of the legitimate rights of the Palestinian people."

This refers to Israel's insistence on building Jewish settlements in the occupied West Bank and Gaza Strip and doubling the number of Jewish settlers there to 200,000 by 1992.

Gorbachev Doubts 'Fruitful' Conference

OW2810132391 Beijing XINHUA in English
1307 GMT 28 Oct 91

[Text] Moscow, October 28 (XINHUA)—Soviet President Mikhail Gorbachev said today it would be rash to expect a particularly fruitful Middle East peace conference at this time, according to the TASS news agency.

"However, we believe the on-going Middle East process will create a new atmosphere for the region and will help overcome psychological obstacles," he said in an interview with the Arabic-language daily AL-SHARQ AL-AWSAT.

"Undoubtedly, a fair and permanent solution must be found for the issue of Palestine," the Soviet president added.

Gorbachev's remarks came just two days before the opening of a Middle East peace conference brokered by Washington and Moscow.

A few days ago, U.S. President George Bush also cautioned that concrete results would depend on direct talks between Israel and Arab countries.

Other countries could but bring them to the negotiating table, he said.

On the domestic front, Gorbachev said the former Soviet Union was no more and that the birth of a new union was just beginning.

"Our union will still be the only Eurasian country, a homeland for a variety of nationalities linked by a common economy, history and culture," he added.

U.S.-Soviet Summit Begins

OW2910160891 Beijing XINHUA in English
1357 GMT 29 Oct 91

[Text] Madrid, October 29 (XINHUA)—U.S. President George Bush met with his Soviet counterpart Mikhail Gorbachev immediately after arrival here this morning.

There is no fixed schedule for the U.S.-Soviet summit. But U.S. officials said earlier that the two presidents were to discuss nuclear arms reductions and U.S. humanitarian aid to the Soviet Union now in deep economic troubles in the wake of sweeping changes in that country.

Gorbachev arrived here Monday evening.

The two presidents were also expected to discuss the arrangements for the Middle East peace conference due to open Wednesday morning. The United States and Soviet Union are co-sponsors of the peace parley.

The two presidents are to address the opening ceremony of the conference.

U.S. officials said that although the Soviet presence in the Middle East is no longer a big threat to the U.S., Gorbachev's presence at the peace parley is "important."

The mere fact that the two superpowers are jointly sponsoring the meeting may exert a strong psychological impact on the conflicting parties, they said.

Before leaving for Madrid, Bush said that the peace conference would just be the "first step" toward peace in the troubled region, indicating again the difficulties ahead in making the peace talks yield tangible results.

Secretary of State James Baker, who is accompanying Bush on the Madrid tour, predicted earlier snags and even disruptions in the course of the negotiations.

Bush is to meet with Israeli Prime Minister Yitzhaq Shamir during the peace conference. Shamir arrived today leading the Israeli delegation to the peace conference.

Bush, Gorbachev Speak to Press

OW2910211991 Beijing XINHUA in English
1612 GMT 29 Oct 91

[By Yu Dabo]

[Text] Madrid, October 29 (XINHUA)—U.S. President George Bush said here today that his country and the Soviet Union will not impose any settlement on Israel and the Arabs at the peace conference that opens tomorrow.

"What is important here is getting the parties together. It is neither for the United States nor the Soviet Union to try to impose a settlement," Bush said at a joint press conference with his Soviet counterpart Mikhail Gorbachev.

The two leaders will open the peace conference tomorrow morning at the old royal palace. They gave the press conference after a summit, their second this year.

"Let them sort it out ... we are not here to impose a settlement. We are here to be a catalyst," Bush said.

He said it would be "counter-productive" for the U.S. to set conditions for how problems could be resolved.

Bush reiterated the U.S. support for the implementation of U.N. Security Council Resolutions 242 and 338 calling on Israel to relinquish the Arab lands it captured in the 1967 Middle East War.

"What the worth thing we can do is to reiterate our own positions to such a degree that one side or the other becomes disenchanted before they even talk to each other," Bush said. [sentence as received]

He described the conference as "historic" because it is the first time for Israel and the Arabs to sit down and talk to each other.

He said the U.S. and the Soviet Union co-sponsor the conference because they do not want the conflicting parties to "go back to years of differences."

The talks, Bush added, could start at the multilateral level and then go forward to the bilateral level.

Gorbachev echoed Bush's view, saying the U.S. and Soviet approaches concerning the conference were "proper."

He said he agreed with Bush that the conference was going to "be a tough and difficult meeting." He defined the U.S. and Soviet role in the parley as that of "good offices."

The Soviet leader called on the participants to "come out with positive conclusions."

Nuclear Weapons Discussed

*OW2910222691 Beijing XINHUA in English
1908 GMT 29 Oct 91*

[Text] Washington, October 29 (XINHUA)—U.S. President George Bush and Soviet President Mikhail Gorbachev today agreed to continuing high-level talks to settle differences in their recently-proposed nuclear arm reduction initiatives.

Emerging from their meeting in Madrid, Bush asserted that the two countries were "very close" and "now what've got to do is iron out more detail, have more discussion" on the initiatives.

On September 27, Bush proposed that the United States and the Soviet Union undertake drastic nuclear disarmament, and a week later, Gorbachev responded with counter-proposals which called for deeper cuts in both tactical and strategic weapons.

"We've agree to send our top people...to discuss with the Soviet side what additional steps we can agree on, additional to those that have already been agreed," Bush said.

"I think we both want to go forward with CFE [Conventional Armed Forces in Europe] and start ratification very promptly," he added referring to the pact to reduce conventional weapons in Europe and a treaty to slash strategic weapons already signed by the two countries.

Gorbachev said that "we've also agreed that there be created two groups which will discuss issues having to do with strategic stability," but he did not specify what issues will be discussed by the groups.

Although the meeting took place on the eve of the Middle East peace conference, Gorbachev said that the two met to "synchronize our watches" on issues of common concern and "majority of our meeting" was spent on discussing the situation in the Soviet Union.

Bush said he is closely watching Soviet developments, but added, "it is not for me to fine tune every detail of change inside the Soviet Union" and "we don't plan to change our dealings with President Gorbachev...or leaders of the other republics."

While the two "had a good discussion" of the Soviet need for Western emergency assistance, Bush said that "there is no agreement on specific amounts or anything of that nature."

The Soviet Union had requested for 3.5 billion dollars in food credits and one billion dollars in other humanitarian assistance, but the Bush administration was reportedly still grappling with the question of real Soviet need and whether the assistance should [be] channelled through the central government or the republican governments.

On the prospects of the Middle East peace conference, Bush said that the United States will not dictate the peace terms for Israel and its Arab adversaries. "We're not here to impose a settlement. We here to be a catalyst," Bush said.

"What we're interested in", Bush said "is getting Israel and its neighbors to sit down and talk, talk in a multi-lateral facet, and then to forward bilaterally."

Gorbachev said that "President Bush really vocalized what our approach is", but he added that the two countries would "use all the remedies that we have at our disposal" to press for a successful outcome of the conference.

Security Measures Detailed

*OW2910222391 Beijing XINHUA in English
1747 GMT 29 Oct 91*

[By Li Zhurun]

[Text] Madrid, October 29 (XINHUA)—The Soviet Embassy here was virtually fortified when a U.S.-Soviet summit was held this morning.

Civil guard helicopters roared over the fenced building, flying so low that the naked eye could well discern their emblems. Police vans and armored cars surrounded the compound on three sides. Policemen and civil guard

members, armed with assault rifles and pistols, kept a watching eye on every passer-by.

Crowds began to gather in front of the embassy gate shortly after U.S. President George Bush arrived for talks with his Soviet counterpart Mikhail Gorbachev. There were not only reporters, but also curious Spaniards craning their necks to get a glimpse of the two leaders.

As if to impress people with Spain's might to ensure that everything would go without a hitch, cavalry detachments of the civil guard patrolled the Masestro Ripoll Street where the embassy is.

An estimated 4,500 reporters from all over the world are now in Madrid to cover the Bush-Gorbachev summit and the Middle East Peace Conference. But among them, no more than 100 were allowed into the embassy for the summit and a joint press conference afterwards.

The privileged few were all from countries directly involved in Wednesday's Middle East Peace Conference—Spain, the host country, the U.S. and Soviet Union, the sponsors, and countries to attend either as full participants or as observers.

Those TV reporters not allowed in had to mount their cameras at the gate or atop a building on the other side of the street—their canon-like lenses pointed at the white complex.

No panic—atop buildings overlooking the embassy compound there were police snipers, vigilant as their comrades below.

The Spanish capital, already under water-tight security, was alerted all the more when news came that the Spanish consulate general in Jerusalem was fired at early today. Israeli press said that the attackers were Arabs, but there was no independent confirmation about it.

Local TV flashed footages of women staffers pointing at the bullet-ridden walls. "Disgusting, but we are not to be scared," said one commentator.

Bush Meets Delegation Heads

OW3010085191 Beijing XINHUA in English
0803 GMT 30 Oct 91

[Text] Madrid, October 30 (XINHUA)—U.S. President George Bush kicked off the first day of the Mideast peace conference by meeting with heads of the delegations shortly before the parley opens today.

Bush first received Israel's Prime Minister Yitzhaq Shamir in the U.S. Embassy to hear what Israel could offer for the compromises the Arabs have made for the conference that opens at 10:30 A.M. local time, sources close to the meeting said.

Bush and his Soviet counterpart Mikhail Gorbachev, co-sponsors of the conference, will address the opening session.

The U.S. President also gave similar time for talks with heads of the Arab delegations, first Syria, then Egypt, Lebanon and the joint Jordanian-Palestinian team.

By meeting with the delegations, Bush wanted to demonstrate that the United States was even-handed toward all parties involved in the Arab-Israeli conflict, the sources said on condition of anonymity.

Bush told a press conference Tuesday that he came to Madrid not to "impose a settlement but to be a catalyst" in order to let the conflicting parties seek solutions by themselves.

He leaves Madrid after delivering the speech at the conference.

Spokesman on Israeli Stance

OW2910120291 Beijing XINHUA in English
1141 GMT 29 Oct 91

[Text] London, October 29 (XINHUA)—An Israeli Government spokesman said today that Israel was prepared to discuss any relevant issue at the Middle East peace talks which are due to open tomorrow in Madrid.

Speaking to BBC TV's Breakfast Time, Spokesman Yossi Olmert said the Israeli delegation was prepared to discuss with every Arab party any issue which could lead to peace.

He said Israel would be discussing the issue of the Golan Heights with Syria.

The spokesman expected the talks will be "very long and protracted and complicated negotiations that will go up and down, up and down."

Israeli Prime Minister Yitzhaq Shamir said yesterday that "everything could be brought on the table of negotiations" at Arab-Israeli conference, but Israel would accept no preconditions on Jewish settlement in occupied territories.

Israeli Prime Minister Arrives

OW2910130791 Beijing XINHUA in English
1225 GMT 29 Oct 91

[Text] Madrid, October 29 (XINHUA)—Israeli Prime Minister Yitzhaq Shamir arrived here today, heading a delegation to attend the Mideast peace conference that opens Wednesday morning.

Shamir, the only prime minister as head of a delegation to the conference, made no statement upon arrival.

Israeli Foreign Minister David Levi was supposed to lead the delegation, but he was dismissed by Shamir for being not tough enough.

Shamir was expected to meet with U.S. President George Bush before the conference. Bush, who arrived earlier in the day, expected to sound out if there was any change in Israel's position toward the conference, earlier reports said.

Peace Conference Opens

*OW3010125591 Beijing XINHUA in English
1238 GMT 30 Oct 91*

[Report by Li Zhurun]

[Text] Madrid, October 30 (XINHUA)—The Middle East peace conference, co-sponsored by the United States and Soviet Union, opened at the Royal Palace here today.

Spanish Prime Minister Filepe Gonzalez opened the meeting, and U.S. President George Bush and Soviet President Mikhail Gorbachev each spoke for ten minutes.

This is the first time that Israel and its Arab neighbors are sitting down for face-to-face talks to end their hostility which has culminated in five full-fledged wars.

All parties directly involved in the conflict are attending.

Egypt is attending the two-and-a-half-day conference as a full participant. The only Arab country which has signed a peace treaty with Israel, it will participate as an observer during bilateral talks expected to follow.

The European Community, eager to play a still greater role in the Middle East affairs, is also attending.

The Gulf Cooperation Council (GCC), which groups Saudi Arabia, Kuwait, Oman, the United Arab Emirates, Bahrain and Qatar, is attending as an observer, and so is the Arab Maghreb Union although one of its five member countries, Libya, is opposed to the peace parley.

One hour before the conference opened, official delegates were filing into the Royal Palace, an 18th century colossus which has been the venue to important events including EC summits and Spain's participation in the EC.

Guards of honor in glamorous ancient armor, stood in full attention along the stairs leading to the conference hall, spears in their hands.

Delegation heads were escorted into a separate room, where they were honored by King Juan Carlos, each given no more than one minute to talk with the monarch, in addition to hand-shaking.

Members of the Israeli and Arab delegations were escorted into separate rooms, apparently to avoid hand-shaking as the Jewish state and the Arabs are still at war technically.

Bush, Gorbachev and Gonzalez are seated at a podium overlooking a T-shaped table.

Delegation heads are seated on the two sides of the table, and delegation members behind them. U.S. Secretary of State James Baker and Soviet Foreign Minister Boris Pankin sit at the head of the table.

The Israeli delegation leader, Prime Minister Yitzhaq Shamir, sits at the same side as the leaders of the

Egyptian and Lebanese delegations. The joint Jordanian-Palestinian delegation sits at the opposite side along with the Syrian delegation.

Only a selected number of reporters were allowed into the meeting hall for the photo session. These are all from Spain, the host country, the U.S. and Soviet Union, the sponsors, as well as the participating countries.

Those not allowed in are glued to TV screens in the press center, watching what is televised live from the Royal Palace.

Spanish Prime Minister Speaks

*OW3010105991 Beijing XINHUA in English
1023 GMT 30 Oct 91*

[Text] Madrid, October 30 (XINHUA)—Spanish Prime Minister Felipe Gonzalez, opening the Middle East peace conference this morning, called for tolerance and understanding from all parties concerned to produce peace for the troubled region.

It is imperative to recall that so many human beings have worked for so many years toward this dialogue which opens today, the prime minister said.

Spain knows through its history "the importance of coexistence, tolerance and peace among the three cultures represented here," he said, referring to Spain's past characterized by an existence of Islamism, Judaism and Christianity.

Spain has also experienced the bitter fruit of confrontation, he said.

Without naming Israel and its Arab neighbors, he said that the world is now in an era of cooperation and understanding and people should show higher respect for each other.

In the ten-minute address, he thanked U.S. President George Bush and Soviet President Mikhail Gorbachev for making this peace parley possible.

Bush Waives Sanctions on Israel in Arms Deal

*OW2710190191 Beijing XINHUA in English
1630 GMT 27 Oct 91*

[Text] Washington, October 27 (XINHUA)—Israel had exported key missile parts to South Africa, but U.S. President George Bush had waived sanctions against Israel called for by law, the U.S. press reported.

U.S. intelligence agencies recently determined that Israel had exported key ballistic missile components to South Africa.

THE WASHINGTON POST, in today's edition, quoted unidentified U.S. Administration officials as saying that the ballistic missile components were shipped within the past year by an Israeli Government affiliated weapons company to the Armaments Corp., commonly known as Armscor, of South Africa.

On October 15, THE POST reported, Armscor was slapped by the U.S. Administration with a two-year suspension of rights to export or import products from U.S. territory and barred from receiving U.S. Government contracts for the same period.

But the notice of the sanctions against South Africa in FEDERAL REGISTER made no mention of Israel's involvement in the incident, instead the administration recently sent a classified notification to the Congress of Bush's decision to waive sanctions against Israel, the paper said.

The White House and State Department spokesmen refused comment last week on Bush's decision to waive the sanctions against Israel, the paper added.

But THE POST quoted a U.S. informed official as saying "there are three reasons that sanctions against them (Israelis) would be waived. The first, they are the Israelis. The second, they have substantial pull in the Senate and in the United States. The third, we are in the midst of very sensitive peace process negotiations (in the Middle East) and have enough problems without adding to them by imposing sanctions."

U.S. confirmation of the shipment of Israeli missile components to South Africa came after President Bush called in June for a ban on the transfer of ballistic missile technology in the Middle East region.

Iranian Denial of Suicide Attacks Reported

OW2910110791 Beijing XINHUA in English
1040 GMT 29 Oct 91

[Text] Tehran, October 29 (XINHUA)—A leading Iranian parliamentarian has denied a report which quoted him as urging Muslims to launch suicide attacks against the United States.

In an interview with the "TEHRAN TIMES" daily published today, 'Ali Akbar Mohtashemi, the former interior minister, said "No, it is wrong."

"I deny such a report or a statement made by me," he was quoted as saying by "TEHRAN TIMES."

A report by Beirut's al-Diyar Radio had said that "Mohtashemi in an interview recommended Muslim activists to launch suicide attacks against the U.S."

"We condemn terrorism and we never encourage such activities," Mohtashemi, a hardliner who allegedly has ties with hardline Muslim groups in Lebanon, said in the interview.

He further attacked the U.S. for being "at the back of all terrorist activities against governments and nations everywhere in the world."

"It is propaganda against the Islamic Republic of Iran and I declare here that we condemn terrorist activities and we don't believe in terrorism," Mohtashemi added.

Sudan Urges Israeli Withdrawal From 'Arab Lands'

OW2910143291 Beijing XINHUA in English
1410 GMT 29 Oct 91

[Text] Khartoum, October 29 (XINHUA)—A Sudanese official has urged Israel to withdraw from all Arab lands it captured in the 1967 Mideast war in accordance with relevant U.N. resolutions, the Sudanese news agency SUNA reported today. Col. Muhammed al-Amin Khalifah, member of the ruling Revolutionary Command Council, said Jerusalem should return to Palestine and be capital of an independent Palestinian state. Khalifa made the comments on Wednesday's Madrid Middle East peace conference in an interview with SUNA. He said the Palestinians are entitled to choose their representatives and decide their own fate on the establishment of an independent state on their native soil. Arab and Islamic states should forge a unified stand to back the Palestinian cause, the essence of the Middle East conflict, including the issue of Jerusalem, which is a matter that concerns the interests of Muslims all over the world, he noted. Khalifa condemned Israel's expansionist ambitions and intransigence, but did not elaborate. Israel rejects the principle of trading land for peace, refuses to withdraw from the occupied land—including Jerusalem and insists on building Jewish settlements in the occupied lands. He considered Israel's ambitions as "the real cause of instability in the Middle East" and urged the Jewish state to observe all established principles that are conducive to a lasting, just and comprehensive peace in the region.

Russian General Cited on Joining NATO

OW2610044291 Beijing XINHUA in English
0118 GMT 26 Oct 91

[Text] Moscow, October 25 (XINHUA)—A Soviet general of the Russian Federation said today that the issue of joining the North Atlantic Treaty Organization (NATO) has not been carefully considered, which he said is still "at the stage of consultation."

Major General Aleksandr Chalko, vice chairman of Russia's State Committee for Defense, said "special prudence" is required in handling the issue, since there is a huge gap between economies of Russia and the West.

Chalko's remarks came after the Russian television reported on Thursday that the Russian Federation would possibly become a NATO member state in the near future.

Reports said that a delegation of politicians from Russia has visited the NATO Headquarters in Brussels, and studied its working structure.

United States & Canada

U.S. Investigation of 'Section 301' Viewed

HK3010100391 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 43, 28 Oct 91 pp 26-27

[“International commentary” by Jiang Fan (3068 1581): “Commenting on So-Called Section 301 Investigation Launched by United States Against China”]

[Text] Under the pretext of investigating the decrees, policies, and practices of the countries that restrict imports of U.S. commodities, the United States often brandishes the baton of "Special Section 301" to exert pressure on them and threatens to impose retaliatory trade sanctions if the disputes involving "Section 301" are not resolved. The United States has hardly realized that such an unreasonable act damages its international reputation, harms its trade relations with other countries, and encroaches upon its own interests.

The following is a typical example of the unreasonable act of the United States: Irrespective of the great efforts made by the Chinese Government in its imports, the U.S. Trade Representative Office on 10 October stubbornly launched the so-called "Section 301" investigation against China.

It is indeed unfair for the United States to attribute the decrease in its exports to China to the restrictions imposed by China in imports. We cannot forget the scene of former U.S. President Nixon crossing the widest ocean in the world in 1972 to shake hands with former Chinese Premier Zhou Enlai. "The wide ocean had no contacts between the two sides for 25 years." Since then, Sino-U.S. trade has developed rapidly. The volume of Sino-U.S. trade was only \$10 million in 1972. The volume of bilateral trade rose to \$990 million in 1978. Following the establishment of diplomatic relations between the two countries in 1979, the two countries' governments signed an agreement on Sino-U.S. trade relations the same year. After the agreement came into force in February 1980, the two countries granted most-favored-nation [MFN] trade status to each other, which laid a solid foundation for further development of bilateral trade. China's policy of reform and opening up has also created favorable conditions for trade with the United States. Thanks to efforts made by the two countries' governments and trade circles, the volume of bilateral trade reached \$9.989 billion in 1989, an increase of over 900 percent over 1978. China's exports to the United States totaled \$3.868 billion, up 20.5 percent from 1988 while its imports from the United States amounted to \$6.121 billion, up 21.2 percent. While increasing exports, China has continuously imported on a large scale technological equipment and materials required for its modernization drive. After 4 June 1989, however, the United States found an excuse to meddle in China's internal affairs, blamed China as if China were devoid of any merit, and declared its so-called "economic sanctions" against China: suspending the relaxation of restrictions on high-tech exports to China; terminating the feasible subsidizing projects of the Trade Planning Office; instructing U.S. representatives to international financial organizations to postpone the granting of loans to China; the terminating of credit, insurance, and capital accommodation by private U.S. investment companies abroad; suspending nuclear energy cooperation and high level contacts; and canceling Commercial and Trade Joint Committee and the Economic Joint Committee meetings, which enormously

conditioned China's imports from the United States. According to statistics from Chinese Customs, the volume of Sino-U.S. trade was \$11.768 billion in 1990. Of this, China's exports to the United States totaled \$5.18 billion, up 18 percent from 1989; while its imports from the United States reached \$6.59 billion, down 16 percent. What is actually the reason for the drop in U.S. exports to China? It is the "economic sanctions" imposed by the United States against China! Has China imposed any "restrictions" on U.S. commodities to China's market? Facts speak louder than words. The following are facts obtained from relevant departments:

First, it is China's long-term, basic national policy to carry out reform and opening up. The reform scheme for China's foreign trade structure, which came into force on 1 January 1991, stipulates that a moderate scope of imports should be maintained and materials that are marketable and are required for production and construction must be imported. The increase in the proportion of foreign exchange retained by enterprises engaged in foreign trade has also created favorable conditions for increasing imports.

Second, China has implemented its 10-Year Program and Eighth Five-Year Plan, accelerated enterprise technological transformation and increased loans for such transformation, and reduced the interest rates of loans, offering an opportunity for increasing imports.

Third, in light of GATT principles, China has gradually reduced its tariff rates. From 1986 to the present, China has lowered the tariff rates of 121 taxable commodities.

Fourth, while vigorously adopting usual methods to increase imports from the United States, China sent purchase groups twice to the United States in 1990 and 1991, respectively. The volume of the transactions totaled \$2 billion. The purchase groups' activities have increased China's imports from the United States, increased mutual understanding between two countries' enterprise circles, and laid a foundation for further expanding bilateral trade.

Fifth, China has accelerated its legislation on protecting intellectual property rights. Based on existing laws and regulations, commencing 1 June this year, China has introduced its Copyright Law, promulgated regulations for implementing the Copyright Law and regulations for protecting computer software, and carried out consultations with international organizations on its admission to the "Bern Convention for Protecting Literature and Art Works" and the "World Copyright Convention."

Sixth, on 30 September this year, China made major, positive, and sincere commitments on resolving the problem of its imports: China will further carry out reform and opening up; gradually try to regulate and control imports by means of the economic levers of exchange rates, interest rates, and tax rates as well as laws; and minimize administrative means; adopt corresponding measures in light of its own economic development level; and lower the general tariffs to a reasonable level required for a developing country.

Commencing 1 January 1992, China will unilaterally reduce the tariffs of over 50 taxable commodities. Details of this will be promulgated later. China also welcomes the contracting parties to hold talks with China on further reducing each other's tariffs; China will call off the regulatory taxes on imports within six months; and China will revoke within six months a number of licenses that are to be applied for imports and issue a new list of import commodities that are under licensed management. The scope of import commodities under licensed management will be reduced by two-thirds within three years. The list of import substitutes promulgated by China's industrial departments is for transmitting information and recommending China-made products to domestic consumers rather than restricting or banning imports of similar products from other countries. It has no binding force on domestic enterprises importing similar products from abroad. The list of commodities imported by the industrial departments will be promulgated in 1992 after the screening work is completed. Regarding products that are to be protected, import quotas will be granted in light of the relevant GATT procedures.

These facts prove that China has always attached importance to the development of its trade relations with the United States and to U.S. imports. On the question of trade with the United States, China has never adopted any discrimination policies against the United States. Even after the "economic sanctions" imposed on China, proceeding from the overall situation of maintaining ties between the two countries, China never adopted any retaliatory measures.

Moreover, China has increased imports from the United States and has adopted positive and effective measures for the sake of promoting bilateral trade. China is sincere on the question of its imports.

The achievements in Sino-U.S. trade development have been hard-won. The Chinese side does not expect the bridge of Sino-U.S. trade relations, which span 16,000 miles, to be destroyed in a moment, still less see the reappearance of the hostility between the peoples of the two countries which lasted 25 years. We hope that the U.S. Government will value Sino-U.S. relations, cherish the current achievements of Sino-U.S. trade and cooperation, remove China from the list of countries under the "Special Section 301" as quickly as possible, eliminate the artificial barriers that affect bilateral trade, and ensure the smooth development of Sino-U.S. economic and trade relations.

Anti-U.S. Sentiments 'Not Widely Accepted'
HK3010055091 Hong Kong SOUTH CHINA MORNING POST in English 30 Oct 91 p 10

[By Geoffrey Crothall in Beijing]

[Text] The anti-American sentiments contained in a number of recent internal Communist Party documents are not widely accepted within the Chinese Government and the country as a whole, a Western diplomat said yesterday.

"I think anti-American feeling is very low right now and is certainly not a feature of my contacts with government officials," the diplomat said.

There was an anti-American strain in some of the ideological material currently in circulation, such as the September 23 document which called for the party to build a "great wall of iron" to guard against Western influences, but the campaign was far less focused than on previous occasions, he said.

Although Sino-U.S. relations were currently at a low point and the mood in Congress was still critical of China, the relationship was not deteriorating and there had been some positive movement on the issues of human rights, prison labour and arms proliferation, he said.

Whether there has been enough movement for a visit to China by U.S. Secretary of State Mr James Baker or President Mr George Bush, however, is still not clear.

Mr Baker is scheduled to meet his Chinese counterpart Mr Qian Qichen in Seoul next month, but it is not known whether they will be able to reach an agreement on the resumption of high level contacts, frozen after the 1989 Beijing massacre.

Most observers suspect Mr Qian will have to offer the U.S. some significant concessions on human rights and trade issues before it will agree to send a high level delegation to Beijing.

The diplomat stressed, however, that there was already a certain amount of common ground between the two sides on human rights.

"There is general agreement on the principles [of human rights] but the priorities are different. China tends to emphasise the basic rights of clothing, shelter and food while America focuses on political rights."

"But both sides recognise the importance of the relationship and understand it is in both their interests to make the effort to overcome their differences," he said.

On prison labour, the diplomat said progress had been made (for example the punishment of factory directors found to be exporting goods made by prisoners) but there was still "an agenda to pursue".

"Both sides are seeking to establish a memorandum of understanding on this issue," he said. Wider trade issues, particularly the lack of market access for U.S. exports to China, were still a source of friction between the two countries but talks were underway to try to resolve the issue, he said.

The U.S. has launched two investigations into China's trade practices focusing on market access and intellectual property rights both of which could result in action being taken to restrict Chinese exports should the two sides fail to reach agreement.

Soviet Union**RSFSR Congress of People's Deputies Convenes****Yeltsin Proposes Economic Reforms**

*OW2910080691 Beijing XINHUA in English
0727 GMT 29 Oct 91*

[Text] Moscow, October 28 (XINHUA)—Russian President Boris Yeltsin announced a series of radical reforms today, including free-floating prices and wages and broad new executive powers to lead the republic out of its economic crisis.

Speaking at the Russia's Fifth Congress of People's Deputies opened here today, Yeltsin also proposed that he organize a reform leadership at one of the most critical moments of Russia's history, the TASS news agency reported.

The Russian president urged to broaden the presidential power so that he can alter the existing structures of top executive bodies and make decisions on the candidates for the leading bodies independently.

Yeltsin told the deputies that stabilizing the economy would be carried out by tight credit policies, tax reforms and a package of measures to strengthen the rouble.

He said they would cut the state expenditure, reduce the military spending and as from November 1, cease to finance those central Soviet ministries that are no longer needed.

He announced that rendering economic assistance and granting loans to foreign countries will be completely ended.

He believed that the immediate implementation of radical reform could start yielding results by next fall and that people's living standard will be improved.

The Russian leader called on the state-farms which have suffered losses to carry out the policy of privatization.

Dealing with the issue of military army, Yeltsin said it is politically justified to have unified headquarters for the joint armed forces of the Union of Sovereign Republics.

However, he added, if all the other republics set up their own army, the Russian Federation would have no option but to form its own army.

Today's congress is the follow-up of the July meeting which was suspended by the election of the parliament chairman.

Yeltsin Wants 'Personal Control'

*OW2810134191 Beijing XINHUA in English
1246 GMT 28 Oct 91*

[Text] Moscow, October 28 (XINHUA)—The president of the Russian Federation, Boris Yeltsin has suggested he take direct personal control of the Russian Government.

Yeltsin's proposal came in an address to the fifth session of the People's Congress of the Russian Federation which convened today.

He was ready to take the reigns of the government at this difficult moment in his capacity as Russia's chief executive, Yeltsin said.

Only deep economic reforms could overcome the economic crisis, Yeltsin pointed out.

These included an immediate liberalization of price controls and privatization measures in certain sectors of the Russian economy.

"In today's acute crisis, we shall not be able to carry out reforms painlessly. The first step will be the most difficult," he noted.

On Friday, Yeltsin nominated Svyatoslav Fedorov for the post of prime minister in the Russian Republic and Yuriy Skokov to be his first deputy.

Supreme Soviet Officials Resign

*OW2910122891 Beijing XINHUA in English
1212 GMT 29 Oct 91*

[Text] Moscow, October 29 (XINHUA)—The on-going Fifth Session of the People's Congress of the Russian Federation [RSFSR] has accepted the resignation requests submitted by Boris Isayev and Svetlana Goryacheva, vice-presidents of the Supreme Soviet (parliament) of the largest Soviet republic.

Isayev and Svetlana, together with four other members of the Presidium of the Russian parliament, jointly issued a political statement on February 21 this year demanding then president of the Russian Parliament Boris Yeltsin resign.

Supreme Soviet Head Elected

*OW2910114391 Beijing XINHUA in English
1112 GMT 29 Oct 91*

[Text] Moscow, October 29 (XINHUA)—Ruslan Khasbulatov, a 46-year-old doctor of economics, has been elected chairman of the Russian Supreme Soviet, the TASS news agency reported today.

Khasbulatov won the chairmanship by 559-381 against four other candidates who each got far fewer than half of the vote at the second round of the Fifth Congress of Russian People's Deputies that opened yesterday, TASS said.

Khasbulatov was graduated from Moscow State University in 1965 and has served as the first deputy chairman of the Russian Supreme Soviet since June, 1990.

He was elected after the first round of the congress last July held six votes but still failed to choose a chairman for the Russian Supreme Soviet.

Republics Agree To Establish Union Bodies

*OW2910151291 Beijing XINHUA in English
1344 GMT 29 Oct 91*

[Text] Moscow, October 29 (XINHUA)—The Soviet republics have agreed to set up a union Cultural Committee, a Ministry of Communications, a Ministry of Machine Building and a Ministry of Nuclear Energy Industry, the Soviet TASS news agency reported today.

TASS quoted Ivan Silayev, chairman of the Inter-Republican Economic Council, as saying that his council could not set up a ministry of finance or other union bodies that would not interest the union republics.

For the same reason, a large number of the 37,000 employees with the former central administration would have to be transferred to Russian ministries in the making, Silayev said.

The Inter-Republican Economic Council has been functioning as a coordinator of the economic relationship among Soviet republics since its founding in early September.

Silayev also expected the union republics to sign 10 to 15 agreements in 1992 in order to implement the economic community treaty signed by the union republics recently.

After that the USSR Economic Management Committee, established in late August and also headed by Silayev, would transfer its power to the Inter-Republican Economic Council, Silayev added.

New Chairman of Soviet of the Union Elected

*OW2910014291 Beijing XINHUA in English
0127 GMT 29 Oct 91*

[Text] Moscow, October 28 (XINHUA)—Lawyer Konstantin Lubencherko was elected today chairman of the Soviet of the Union at the first session of the newly-formed Supreme Soviet.

Lubencherko, 46, received an almost unanimous support in the election, according to TASS News Agency.

After the election, he pledged to actively commit himself to the formation of an influential and authoritative parliament and to consolidate the future Union of the Sovereign States.

The Supreme Soviet began its first session on October 21.

Republics, G-7 Sign Memorandum on Debt

*OW2910080291 Beijing XINHUA in English
0702 GMT 29 Oct 91*

[Text] Moscow, October 28 (XINHUA)—Twelve Soviet republics agreed today to share the country's estimated 70 billion U.S. dollar debt after a two-day closed-door meeting with delegates from the Group of Seven (G-7).

TASS news agency reported that representatives from the 12 republics and the G-7 financial delegations signed

after the meeting "a memorandum on the Soviet Union and its legal inheritors' understanding of the country's debt to Soviet creditors."

Each republic announced that it shared common responsibilities with other republics for the Soviet foreign debt, TASS said.

The republics agreed that the Soviet Foreign Trade Bank and its legal heir or other legal person chosen by each republic would be unique body to deal with the debt issue with Soviet creditors, the agency added.

During the break of the talks earlier today, the G-7 delegates also met with Ivan Silayev, head of the Soviet Economic Management Committee.

Silayev said the most difficult problem was that the 12 republics had not reached an agreement over how to repay the country's foreign debt.

The G-7, however, insisted that the west could not commit themselves to offering loans to help the Soviet Union to repay its foreign debt if the republics decide to divide the debt, according to TASS.

In fact, the meeting, scheduled to close this afternoon, failed to end until tonight due to the divergence.

The G-7 delegations arrived here on October 26 following an agreement with Soviet delegation at the annual meeting of the World Bank and the International Monetary Fund.

Turkmenistan Republic Proclaims Independence

*OW2710131991 Beijing XINHUA in English
1228 GMT 27 Oct 91*

[Text] Moscow, October 27 (XINHUA)—The Turkmen Republic in Central Asia of the Soviet Union proclaimed its independence today.

About 94 percent of the voters participating in the referendum Saturday were in favor of Turkmenistan becoming "an independent democratic state."

Of the former 15 republics in the Soviet Union, only two, the Russian Federation and Kazakhstan, have not declared their independence.

USSR To Keep Central Control of Nuclear Arms

*OW2710120891 Beijing XINHUA in English
0342 GMT 27 Oct 91*

[Text] Moscow, October 26 (XINHUA)—Soviet Defense Minister Yevgeniy Shaposhnikov said here today that the Soviet nuclear weapons will not be proliferated to the republics of the Soviet Union.

The TASS news agency quoted the defense minister as saying that the nuclear weapons will still be controlled by the central government.

Shaposhnikov said that all republics have agreed on their commitment to responsibilities for the Western nations and other partners concerning the strategic as well as tactic nuclear weapons.

The military forces within the territory of all republics must be controlled by the Soviet Defense Ministry, he said, adding that the decisions involving the issues of state defense must be approved by the Soviet State Council.

The defense minister said that his task is to avoid plunging military forces into mutual conflict among certain leaders cherishing political ambitions.

He noted that it would be a desirable choice to establish a sovereignty state defensive union during the transitional period following the disintegration of the old union.

Nazarbayev: Kazakhstan To Retain Nuclear Arms

*OW2910031691 Beijing XINHUA in English
0228 GMT 29 Oct 91*

[Text] London, October 28 (XINHUA)—Kazakhstan's nuclear weapons are under the joint control of the eight Soviet republics that signed the economic union treaty earlier this month, president Nursultan Nazarbayev of the republic said today.

Nazarbayev, who arrived here this afternoon on a two-day visit to Britain, told a news conference that Kazakhstan intended to hold on to its nuclear arsenals.

But he said that "the management of our Armed Forces and nuclear weapons is in the hands of a general staff, which includes the defence ministers of the eight republics."

"Kazakhstan is among the eight republics that signed the (new soviet) economic treaty. This treaty declared that there will be one management of the Army and this includes nuclear missiles," he said.

"A separated management of nuclear arms, I do not recognize at all," he added.

British officials said that during his visit, President Nazarbayev will have talks with Prime Minister John Major, who is also current chairman of the Group of Seven (G-7) leading western industrialized nations.

Nazarbayev will also meet with government ministers, bankers and industrialists. He said that he was in search of "consultants" to advise him on the development of the republic's rich resources.

Kazakhstan possesses 70 percent of the Soviet Union's gold deposits, with oil and gas fields and other rich precious metal seams.

During the visit, Nazarbayev is also scheduled to meet Jacques Attali, president of the European Bank for Reconstruction and Development set up earlier this year to channel funds to East European countries and the Soviet Union to help their market-oriented economic reforms.

Ukraine, Uzbekistan Sign Cooperation Treaty

*OW2910081391 Beijing XINHUA in English
0723 GMT 29 Oct 91*

[Text] Moscow, October 28 (XINHUA)—The two sovereign states, Ukraine and Uzbekistan, signed a treaty today on wide-ranging cooperation in economy, science, technology and trade, TASS news agency reported.

The ten-year treaty on the principles of inter-state relations was signed in Tashkent by President Islam Karimov of the Republic of Uzbekistan and Leonid Kravchuk, chairman of the Ukrainian parliament.

TASS said the two republics also concluded an agreement on cooperation between their foreign ministries, under which the Ukraine undertakes to represent Uzbekistan at the United Nations.

New Russian Socialist Party Adopts Constitution

*OW2710073791 Beijing XINHUA in English
0721 GMT 27 Oct 91*

[Text] Moscow, October 27 (XINHUA)—A socialist party of laboring people, which is taking shape, adopted its constitution and a program document at a preparatory meeting held here Saturday.

The party's organizing committee was elected at the meeting.

The party is being formed on the initiative of Soviet people's deputies Anatoliy Denisov and Roy Medvedev with some Soviet Communist members as its backbone.

Delivering a political report at the meeting, Denisov stressed that at the time when the country is undergoing a period of crisis, the newborn party should adhere to socialism and safeguard the interests of the laboring people.

Referring to the party's objective, the program document said: "We will not abandon communist ideology" under current circumstances, the objective of the party's activities should be socialism, while freedom, people's political power, social justice and people's welfare are the means and ways to achieve the aim.

Present at the meeting were 324 representatives from 56 regions of the Russian Federation.

Many representatives spoke at the meeting. They strongly objected to the decision on halting the Communist Party's operational activities and emphasized that it is necessary to close ranks to safeguard the interests of the labouring people.

Members of the Organizing Committee will make their efforts in various places throughout the Russian Federation to begin preparations of the first congress in a bid to inaugurate formally the party at an early time.

Hainan Vice Governor Meets Soviet Delegation

HK2410123991 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 18 Oct 91

[Text] Yesterday afternoon [18 October], Bao Keming, executive provincial vice governor, met with a friendly Soviet delegation in (Qiongyan) Guesthouse. The three-man Soviet delegation headed by (Alsitov), chairman of Soviet-China Friendship Association, and former first vice chairman of the Soviet Council of Ministers, has been visiting Hainan since 15 October on the invitation of the Chinese People's Association for Friendship with Foreign Countries. Over the past few days, it has visited Tongshi, Sanya [words indistinct], the Haikou Canned Food Factory, and the Hong Kong and Macao International Industrial Development Zone. The delegation highly praised the achievements made by Hainan Special Economic Zone.

At the meeting, Bao Keming briefed his guests on Hainan's situation of reform and opening up.

Soviet Border Trade Develops in Heilongjiang

OW2510144791 Beijing XINHUA in English 1330 GMT 25 Oct 91

[Text] Harbin, October 25 (XINHUA)—The border trade between China and the Soviet Union continues to develop rapidly in Heilongjiang Province in north-eastern China.

Since the early 1980s, the province has opened 10 import and export outlets along its 3,045 kilometer border with the Soviet Union.

Now the outlets are stepping up infrastructure construction and improvements of the investment environment. Heihe city, known as the "north gate" of China, injected more than 500 million yuan (about 100 million U.S. dollars) to build a power station, railway lines, and telecommunication facilities. It has also invested 300 million yuan toward refurbishing this old border city.

In the past three years, the city has established trade and technical ties with over 200 firms in 14 provinces and 56 cities and 130 offices have been set up in Heihe by other provinces, autonomous regions, and municipalities. More than 3,000 groups from all over the country visited the city during the three years.

Six of the outlets including Heihe, Tongjiang, and Fujin have opened cross-border cargo transport lines; a passenger shipping line between Jiamusi of Heilongjiang Province and Khabarovsk of the Soviet Union has opened recently, and tourism has developed along the border.

According to statistics, the two sides signed compensation trade contracts worth 4.28 billion Swiss francs, and 135 agreements on economic and technical exchanges having a total contract value of 250 million Swiss francs.

Southeast Asia & Pacific

Jiang Zemin Meets Sihanouk, Praises Agreement

CM3010115192 Beijing XINHUA Domestic Service in Chinese 1404 GMT 29 Oct 91

[Text] Beijing, 29 Oct (XINHUA)—Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, met with Prince Norodom Sihanouk, chairman of the Supreme National Council of Cambodia, and his wife Princess Monique in the Diaoyutai State Guesthouse this evening..

Jiang Zemin warmly congratulated Sihanouk on the signing of the Paris agreement for a comprehensive and political settlement of the Cambodian conflict.

According to sources from the Chinese Foreign Ministry, Jiang extended a warm welcome to the Cambodian leader who arrived in China from Paris, where he had attended the conference on Cambodia and signed documents pertaining to the political settlement of the Cambodian question.

Jiang spoke highly of Sihanouk, saying that he has engaged in an unremitting effort and has made outstanding contributions to the comprehensive, fair, and reasonable political solution to the Cambodian issue.

The general secretary noted that a comprehensive settlement of the issue not only ensures that Cambodia will have peace and an opportunity for rebirth, but is also conducive to peace in Asia and the world as a whole.

The Paris agreement was a hard fought victory, said Jiang, adding that a comprehensive settlement has been achieved even in light of a difficult and arduous course. However, he cautioned, to actually put it into practice will require further great effort.

All signatories to the agreement should assume a responsible attitude toward the history and future of Cambodia and seriously implement the agreement, said Jiang. This requires all political parties in Cambodia, under the leadership of Sihanouk, to bury the hatchet and steadfastly engage in sincere cooperation in order to realize national reconciliation.

China and Cambodia are close neighbors, and the profound Sino-Cambodian friendship has stood the test of time, said Jiang.

The general secretary went on to say that China is willing to further friendly and cooperative relations with Cambodia on the basis of the Five Principles of Peaceful Coexistence. He stressed that China will now develop such relations with the Supreme National Council of Cambodia, under the leadership of Sihanouk.

Jiang stressed that China will spare no effort to do things that are conducive to Cambodia's national reconciliation and development.

He noted that Sihanouk will celebrate his 69th birthday in only a few days, and told the prince that the Chinese people sincerely wish him good health, and wish his country a successful national reconciliation and rapid economic prosperity.

Sihanouk said that the signing of the Paris agreement is a victory for the Supreme National Council, as well as for the Chinese people.

China has always supported the just cause of the Cambodian people, said Sihanouk, who then extended his heartfelt appreciation to the Chinese Communist Party, the Chinese Government, the Chinese people and their leaders.

A feeling of gratitude will always remain in the hearts of the Cambodian people, said Sihanouk. He added that the enduring friendship between the two countries and the two peoples will continue to grow.

Qian Qichen, Chinese state councillor and foreign minister, also attended the meeting.

Official Views Cambodian Peace

*HK2810124291 Beijing RENMIN RIBAO in Chinese
21 Oct 91 p 6*

[Dispatch by reporter Zheng Yuanyuan (6774 0954 0954): "At Interview With Chinese Reporters in Paris, Xu Dunxin, Foreign Affairs Vice Minister, Says China Hopes Paris Conference on Cambodia Will Be Successful"]

[Text] Paris, 20 Oct (RENMIN RIBAO)—On the eve of the Paris International Conference on the Cambodian issue, Xu Dunxin, China's foreign affairs vice minister and deputy head of the Chinese delegation, today met Chinese reporters here and spoke on the approaching agreement. He said that the Chinese delegation hopes the Paris International Conference on the Cambodian issue will be successful, and China will make its greatest effort for this purpose.

Xu Dunxin reflected on the process of the political settlement of the Cambodian issue.

He said that although the first meeting on the Cambodian issue, convened in Paris in July-August 1989 could not reach an agreement, it fixed the basic goal for the necessary overall political settlement. The five UN Security Council permanent members held six consecutive rounds of consultations, produced the document on the framework for an overall political settlement of the Cambodian issue, and laid the foundation for political settlement. The four factions in Cambodia held many meetings and discussions, and eventually formed the Cambodian Supreme National Council [SNC] with Prince Norodom Sihanouk as president, and initially created a situation of national reconciliation. Since the second half of this year, the Cambodian SNC held fruitful meetings in Jakarta, Phatthaya, Beijing, and New York, and concurred on several substantive problems of the biggest difference concerning the draft agreement, thus paving the road to resuming the Paris meeting and to the signing of an agreement on an overall political settlement.

Xu Dunxin said that China, together with the majority of countries, have actively supported the struggle by the patriotic forces in Cambodia to safeguard Cambodia's independence and sovereignty, and liberate the nation; it has made efforts to attain, as soon as possible, a political settlement of the Cambodian issue. This is completely for upholding justice and for safeguarding the principle of the UN Charter and the norms for international relations. He stressed that China has no selfish interest in the Cambodian issue.

Xu Dunxin said that China hopes that Cambodia will become an independent, peaceful, neutral, and non-aligned sovereign state under Prince Norodom Sihanouk's leadership, and that various factions in Cambodia can work together with one heart and rebuild their country. China will treat the four SNC factions equally and is willing to develop its neighborly and cooperative ties with the country on the basis of the Five Principles of Peaceful Co-Existence.

Finally, Xu Dunxin said that along with the settlement of the Cambodian issue, Sino-Vietnamese relations have gradually improved and will realize normalization. He said he believed that normalization of Sino-Vietnamese relations is not only in accordance with the interests of the two countries' peoples, but will also benefit peace and stability in the region.

The Paris International Conference on the Cambodian Issue will resume 23 October in Paris. During the meeting, various participants will sign a peace agreement on an overall political settlement of the Cambodian issue.

Ye Fei Meets Thai Legislators in Beijing

*OW2510125691 Beijing XINHUA in English
1109 GMT 25 Oct 91*

[Text] Beijing, October 25 (XINHUA)—Ye Fei, vice chairman of China's National People's Congress (NPC) Standing Committee, met with Chatchawan Aphibansri, advisor to the chairman of the Legislative Committee of the Thai parliament, and his party here this evening.

The Thai visitors arrived here October 20 at the invitation of the NPC's Overseas Chinese Affairs Committee.

New 'Golden Triangle Highway' Considered

*OW2610084291 Beijing XINHUA in English
0755 GMT 26 Oct 91*

[Text] Bangkok, October 26 (XINHUA)—Thailand and China are considering to build a super highway to connect their borders that would snake across the mountainous "golden triangle" region in Myanmar's [Burma's] northeastern Shan State, local newspaper BANGKOK POST reported today.

Plans for the overland route, dubbed the "Golden Triangle Highway," to link Thailand's northern-most province of Chiang Rai and China's southern city of Kunming, were discussed by Thai and Chinese officials in a hotel in Chiang Rai on Thursday.

Jin Renqing, head of the visiting Chinese delegation, said the 250-kilometer highway—from China's border town of Da Lou, through Keng Tung in Myanmar's Shan State to the Thai border district of Mae Sai—would cut travel time and transport costs and boost tourism and trade among Thailand, Myanmar and China.

Near East & South Asia

Yang Shangkun Middle East Tour Continues

Further on Lahore Banquet

OW2910212291 Beijing XINHUA Domestic Service
in Chinese 1654 GMT 28 Oct 91

[By reporters Sun Baoyu (1327 1405 3768), Wu Dingbao (0702 1353 0202), and Ge Xiangwen (5514 4161 2429)]

[Text] Lahore, 28 Oct (XINHUA)—Mian Azhar, governor of Pakistan's Punjab Province, gave a banquet here this evening in honor of visiting Chinese President Yang Shangkun and his party.

Before the banquet the two sides had a cordial conversation. The governor welcomed President Yang's visit to Lahore, which maintains a sister-city relationship with Xian city, and said that the people of the Punjab are honored to have a visitor like the Chinese president.

President Yang said: Friends have told me that if one does not visit Lahore, one has not visited Pakistan at all, and that visiting Pakistan without visiting Lahore is like visiting China without seeing the Great Wall. Seeing for oneself is a hundred times better than hearing it from others. Lahore is indeed a beautiful, ancient, and cultural city.

President Yang invited the governor and other Pakistani officials to visit China's ancient cultural city of Xian.

Attending the banquet were the Pakistani President Ishaq Khan who is making a special trip to accompany President Yang on the tour of the Punjab; (Haider Wein), senior department head of Punjab Province; and Vice Premier Wu Xueqian, who is in President Yang's entourage.

Lahore Civic Reception Held

OW2910195491 Beijing XINHUA in English
1500 GMT 29 Oct 91

[Text] Lahore, Pakistan, October 29 (XINHUA)—A grand civic reception was held today in Lahore, capital of Punjab Province, in honor of Chinese President Yang Shangkun, who is on a five-day state visit to Pakistan.

Delivering a welcoming speech at the reception in the famous Shalimar Gardens of the city, Mayor Khawaja

Riaz Mahmood hailed the development of friendship between Pakistan and China.

He said that the time-honored friendship between the two countries comes from historical links, cooperation in various fields and mutual support and help at hard times of each other.

"We deeply feel and happily notice that the Chinese Government and the Chinese people sincerely hope for a strong and prosperous Pakistan. China is our real friend," he said.

On behalf of Chinese President Yang Shangkun, Chinese Vice Premier Wu Xueqian told the reception that China and Pakistan are good neighbors and their friendship can be traced back to ancient times.

He praised the decades-long efforts made by the two countries to build a new type of state-to-state relationship on the basis of the Five Principles of Peaceful Coexistence.

"Sino-Pakistani friendship has become a model for the amicable coexistence between countries of different social systems," he said.

Pakistani President Ghulam Ishaq Khan accompanied the Chinese president to the reception attended by thousands of Pakistani friends from all walks of life.

Earlier in the day, the Chinese president laid a wreath at the tomb of Allama Iqbal, a famous Pakistani philosopher who advocated the idea of creating Pakistan.

The Chinese president arrived in Pakistan's capital city of Islamabad on Saturday. He is scheduled to leave here for Iran on Wednesday.

Visit a 'Complete Success'

OW2910135291 Beijing XINHUA in English
1327 GMT 29 Oct 91

[Text] Lahore, Pakistan, October 29 (XINHUA)—Chinese President Yang Shangkun's state visit to Pakistan has been "very fruitful" and a "complete success," Chinese Vice Premier Wu Xueqian said here today.

Speaking at a civic reception in Lahore on behalf of the Chinese president, Wu Xueqian said the visit, short as it is, has "deepened common understanding and friendship and enhanced economic cooperation" between the two countries.

The Chinese vice premier said China and Pakistan are friendly neighbors linked by common mountains and rivers, with people-to-people traditional friendship going back to ancient times.

In the four decades since the establishment of diplomatic relations between the two countries, he said, "China and Pakistan established and developed a new type of state-to-state relationship on the basis of the Five Principles of Peaceful Coexistence."

The two countries have had "fruitful cooperation" in political, economic, trade and cultural fields as well as in world affairs, Wu said, adding "the Sino-Pakistan relationship has become a model for amicable coexistence between countries of different social systems."

He lauded that the city of Lahore, capital of Punjab Province with ancient cultural heritage, is a "testimony of our friendship" as in as early as the seventh century the eminent Chinese Monk Xuan Zhuang traveled here to learn and teach Buddhist sutras.

Lahore, the second largest city in Pakistan, and Xian, an ancient city in China's northwest, became sister cities not long ago. The Chinese vice premier said the city of Lahore added many moving chapters to the annals of friendly relations between China and Pakistan.

He paid high respect to the Pakistani friends from all walks of life who have contributed to the founding, consolidation and growth of Sino-Pakistani friendship.

Wu assured the Pakistani people that the Chinese people will remain their trustworthy friends.

Giving a brief introduction to the developments in China, the Chinese vice premier said in the past 12 years, "The policy of reform and opening up has instilled vigor into various undertakings in China which scored marked achievements."

China, with only 7 percent of the world's arable land, has succeeded in providing food and clothing for its population that accounts for 22 percent of the world's total. Life of the Chinese people has greatly improved, he said.

At present China enjoys political stability and the support of the people, economic development and social tranquillity, Wu pointed out, noting "we are fully confident of a bright future."

He said China's stability and advance benefit not only the Chinese people but also peace in Asia and the world as a whole.

Yang Departs Pakistan

*OW3010052191 Beijing XINHUA in English
0504 GMT 30 Oct 91*

[Text] Lahore, Pakistan, October 30 (XINHUA)—Chinese President Yang Shangkun left here this morning for Iran at the end of his five-day state visit to Pakistan.

The Chinese president's visit has deepened the common understanding and friendship and enhanced economic cooperation between the two neighbors, said a Chinese official accompanying Yang Shangkun.

During his visit, the Chinese president held formal talks with his Pakistani counterpart Ghulam Ishaq Khan on bilateral relations and important international and regional issues of common interest.

He also met with other Pakistani leaders including Prime Minister Nawaz Sharif.

During the talks and meetings, leaders of the two countries expressed their desire to further strengthen bilateral relations and expand cooperation between the two countries.

The two countries signed two agreements, one on Chinese assistance to Pakistan for its economic development, the other on China's material assistance to Afghan refugees living in Pakistan.

The Chinese president arrived here on October 28, accompanied by President Ghulam Ishaq Khan.

The Chinese head of state was seen off at the Lahore International Airport by President Ishaq Khan, Governor Mian Mohammad Azhar and other provincial officials.

Arrives in Tehran

*OW3010081191 Beijing XINHUA in English
0749 GMT 30 Oct 91*

[Text] Tehran, October 30 (XINHUA)—Chinese President Yang Shangkun arrived in Tehran on Wednesday for a state visit.

During the four-day visit, Yang is expected to exchange views with President 'Ali Akbar Hashemi-Rafsanjani and other Iranian leaders on bilateral relations and major international and regional issues.

This is the last leg of the Chinese president's two-nation tour which has taken him to Pakistan for a five-day visit.

Speaks to Reporters

*OW3010104291 Beijing XINHUA in English
1013 GMT 30 Oct 91*

[Text] Tehran, October 30 (XINHUA)—Chinese President Yang Shangkun arrived here Wednesday on a four-day state visit to Iran, the first by a Chinese head of state since the two countries established diplomatic relations in 1971.

Yang told reporters at the Mehrabad International Airport that the objective of his visit to Iran is to enhance understanding, strengthen friendship and promote cooperation and mutual development between the two countries.

The Chinese president's four-day tour to Iran, at the invitation of his Iranian counterpart Hashemi-Rafsanjani, was a return trip for the visits to China by Ayatollah Khamenei in the capacity of president in 1989 and by Hashemi-Rafsanjani as Majlis (parliament) speaker in 1985.

Yang said China and Iran have a long history of friendship and the peoples of the two countries began their friendly exchanges through the famous "Silk Road" as early as 2,000 years ago.

The past 20 years since the establishment of diplomatic ties, specially the recent 10 years or so, have witnessed

marked progress in friendly and cooperative relations between the two countries, the Chinese president said.

With regard to the current turbulent and changing world situation, Yang added, it is extremely necessary and beneficial for the leaders of the two sides to exchange views on major issues of mutual concern.

He expressed China's willingness to work along with Iran, an important country in Asia, for the creation of a peaceful, stable, just and reasonable new world order.

Pakistani Army Chief Visits Beijing 24 Oct

Departs Karachi

OW2410075491 Beijing XINHUA in English
0744 GMT 24 Oct 91

[Text] Islamabad, October 24 (XINHUA)—Pakistan Chief of the Army Staff Asif Nawaz Janjua left Karachi today on a six-day visit to China.

This is the first China visit by Asif Nawaz Janjua and his first foreign trip since he became the Army chief in August this year when the former chief Aslam Beg retired.

Meets Qin Jiwei

OW2510140891 Beijing XINHUA in English
1340 GMT 25 Oct 91

[Text] Beijing, October 25 (XINHUA)—General Qin Jiwei, Chinese state councillor and defense minister, met with chief of staff of the Pakistan Army, General Asif Nawaz here this afternoon.

In the meeting, Qin spoke highly of the friendly relations between China and Pakistan, saying the two countries will always support and help each other, regardless of any changes in the world.

Referring to Chinese President Yang Shangkun's trip to Pakistan, which will start tomorrow, Qin said frequent exchange of visits between leaders of the two countries and armed forces indicates "a special relationship."

Nawaz said his current visit to China, his first trip abroad after assuming the present post, represents the Pakistan Government's friendly feelings towards China, as well as his personal wish.

This morning, General Xu Xin, deputy chief of General Staff of the Chinese People's Liberation Army, presided over a ceremony to welcome the Pakistan Army leader.

In the evening, Xu hosted a banquet to entertain the visitors.

Sees Li Peng

OW2610033891 Beijing XINHUA in English
0250 GMT 26 Oct 91

[Text] Beijing, October 26 (XINHUA)—Chinese Premier Li Peng met with Chief of Staff of the Pakistan Army, General Asif Nawaz here this morning.

Li and Nawaz had a cordial conversation on the furthering of Sino-Pakistani traditional friendly relations of cooperation.

Also, Nawaz presented to Li a letter from Pakistani Prime Minister Nawaz Sharif.

Attends Dinner With PLA Chief

OW2610114391 Beijing XINHUA in English
1115 GMT 26 Oct 91

[Text] Beijing, October 26 (XINHUA)—General Chi Haotian, chief of general staff of the Chinese People's Liberation Army (PLA), met and hosted a dinner for the chief of staff of the Pakistan Army, General Asif Nawaz, here this evening.

Chi and Nawaz had a cordial conversation on the furthering of the friendly relations of cooperation between China and Pakistan and the armed forces of the two countries.

Pakistani Official Views Foreign Policy

OW2610073691 Beijing XINHUA Domestic Service
in Chinese 0105 GMT 23 Oct 91

[Text] Islamabad, 22 Oct (XINHUA)—Akram Zaki, secretary general of Pakistan's Foreign Ministry, said today that Pakistan's foreign policy is aimed at safeguarding national sovereignty, ensuring national security, and protecting national interests.

Akram Zaki made the above remarks at the Press Club in Rawalpindi, Pakistan.

He said: The center of Pakistan's foreign policy is to strengthen Pakistan's relations with the Muslim world. The current Pakistani Government is working to develop friendly relations with Islamic countries.

He said friendship between Pakistan and China had been tested by time and that Pakistan hopes this friendship will be further developed.

He said Pakistan hopes that the new international order that will be established soon would be based on fairness and the UN Charter.

He also said: In the new international order, all nations should be given due rights. All UN resolutions should be enforced in order to solve peacefully all problems with respect for concerned countries' wishes.

On regional issues, Akram Zaki said seeking a political solution to the Afghan problem is Pakistan's goal.

He said Pakistan supports the Middle East peace conference that will be convened soon and supports all efforts to win peace. He said: "We support the UN resolution on banning nuclear proliferation. If India decides to accept the resolution, we will be ready to sign it."

President Mubarak Receives Outgoing Ambassador

OW2610103191 Beijing XINHUA Domestic Service in Chinese 1323 GMT 23 Oct 91

[By reporter Xing Xudong (6717 2485 2639)]

[Text] Cairo, 23 Oct (XINHUA)—Egyptian President Mubarak received Zhan Shiliang, outgoing Chinese ambassador to Egypt, at the Presidential Residence today and had a cordial and friendly conversation with him.

Mubarak stressed that the development of Egyptian-Chinese relations has reached a new level in recent years. He added that he has established close relations with General Secretary Jiang Zemin, President Yang Shangkun, and Premier Li Peng.

Mubarak also pleasantly recalled his several visits to China. He said that Egypt and China have many similarities. He said he is convinced that friendly relations and cooperation between Egypt and China will continue to strengthen and develop.

Further Coverage of Liu Fuzhi Visit to Egypt

Meets Judicial Officials

OW2610102991 Beijing XINHUA Domestic Service in Chinese 1339 GMT 23 Oct 91

[By reporter Jiang Yaping (3068 0068 1627)]

[Text] Cairo, 23 Oct (XINHUA)—Liu Fuzhi, visiting procurator general of China's Supreme People's Procuratorate, paid separate courtesy calls on the Egyptian attorney general, minister of justice, and president of the Supreme Court this morning. Both sides had cordial and friendly talks.

During the meetings, Liu Fuzhi and Attorney General Isma'il al-'Arabi, Justice Minister Faruq Sayf al-Nasir, and Supreme Court President Ibrahim Radwan briefed each other on their countries' prosecutorial and judicial systems and their operations. Both sides indicated the necessity to intensify exchanges and cooperation. Liu Fuzhi also invited his Egyptian counterpart to visit China at an appropriate time.

The Chinese delegation of prosecutorial officials headed by Liu Fuzhi arrived in Cairo yesterday for a week-long visit to Egypt.

Speaks With Mubarak

OW2910054891 Beijing XINHUA Domestic Service in Chinese 1425 GMT 27 Oct 91

[By reporter Xing Xudong (6717 2485 2639)]

[Text] Cairo, 27 Oct (XINHUA)—Egyptian President Mubarak today met in Ismailiya city with Liu Fuzhi, procurator general of China's Supreme People's Procuratorate, who is currently on a visit to Egypt.

Liu Fuzhi conveyed to Mubarak regards from CPC General Secretary Jiang Zemin, President Yang Shangkun, and Premier Li Peng. He also praised President Mubarak for making important contributions to promoting Sino-Egyptian friendship by making four visits to China, and applauded Egypt's achievements in various areas in the past years under the leadership of President Mubarak.

Mubarak said friendly cooperative relations between Egypt and China were very good, and that Premier Li Peng's visit to Egypt in early July was very successful.

Mubarak also said the Chinese people are very frank and sincere to Egyptian people and that he was proud of such sincere friendship between the two countries.

Mubarak asked Liu Fuzhi to convey his regards to the Chinese leaders and invited them to visit Egypt again.

Zhan Shiliang, Chinese ambassador to Egypt, was present at the meeting.

The Chinese procuratorate delegation led by Liu Fuzhi arrived in Cairo on 22 October for a week-long visit.

Sub-Saharan Africa

Former Nigerian Leader Olusegun Obasanjo Visits

Meets Wan Li

OW2910084391 Beijing XINHUA in English 0756 GMT 29 Oct 91

[Text] Beijing, October 29 (XINHUA)—Chairman Wan Li of the Standing Committee of China's National People's Congress (NPC) met with the former head of state of Nigeria, Olusegun Obasanjo, here today.

Wan, noting that China and Nigeria are both developing countries, said they can learn from and cooperate with each other for the sake of common development.

South-South cooperation and North-South dialogue are "highly important in the process of establishing a new international political and economic order," Wan said.

In this regard, he said, the African countries have a major role to play.

China attaches great importance to its unity and cooperation with the Third World countries, he said.

Obasanjo said though the African nations and China are far apart, they shared common interests and modern science and technology enable them to overcome the geographic distance and have comprehensive exchanges and cooperation.

Sees Former Foreign Minister

*OW2810125291 Beijing XINHUA in English
0854 GMT 28 Oct 91*

[Text] Beijing, October 28 (XINHUA)—Former Chinese Vice-Premier and Foreign Minister Huang Hua met with former head of state of Nigeria, Olusegun Obasanjo, here this afternoon.

Huang and Obasanjo had a cordial conversation on issues of mutual interest.

Obasanjo is here on a six-day visit as guest of the Chinese People's Institute of Foreign Affairs.

Received by Qian Qichen

*OW2910121991 Beijing XINHUA in English
1101 GMT 29 Oct 91*

[Text] Beijing, October 29 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen met with the former head of state of Nigeria, Olusegun Obasanjo, here this afternoon.

Qian and Obasanjo had a cordial conversation on issues of mutual concern.

Obasanjo is here on a six-day visit as guest of the Chinese People's Institute of Foreign Affairs.

Song Ping Meets Chadian Party Delegation

*OW2410132291 Beijing XINHUA in English
1313 GMT 24 Oct 91*

[Text] Beijing, October 24 (XINHUA)—Song Ping, member of the Standing Committee of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met with a delegation from the Patriotic Movement of Salvation of Chad here today.

The Patriotic Movement of Salvation, the ruling party of Chad, and the Chinese Communist Party established relations last May. The aim of the current visit of the delegation headed by deputy executive secretary of the movement Mokhtar Bachar is aimed at furthering the relations between the two parties, learning about the construction of the Chinese party and China's reform that the CPC is engaged in. The visitors will also exchange views with the Chinese side on the current international situation and major international issues.

During the meeting, Song Ping said the Chinese party and government attach importance to developing their relations of friendly cooperation with Chad. Since the two countries had similar experience in the past and face the same tasks of construction and development, they should promote exchange of visits and experiences.

Song Ping said it is most important for ruling parties to lay down a correct line and practical policies in accordance with the national conditions of their own countries.

Bachar said that in their short stay in China, the members of his delegation had witnessed the achievements of the Chinese people in political, economic, social, cultural and all other fields under the leadership of the Chinese Communist Party. "China's experience is successful," he stressed.

The Chadian delegation arrived in China October 14. It has toured Beijing, Nanning, Kunming and Xian. The Chadian guests are scheduled to leave for home October 26.

Chen Muhua Receives Mozambique Womens' Delegation

*OW3010114091 Beijing XINHUA in English
1105 GMT 30 Oct 91*

[Text] Beijing, October 30 (XINHUA)—Chen Muhua, vice-chairman of the Chinese National People's Congress Standing Committee and president of the All-China Women's Federation, met with a women's delegation led by Teresa Romao Tembo, general secretary of the Women's Organization of Mozambique, here this evening.

They had a friendly conversation on promoting contacts between the women organizations of the two nations.

Medical Assistance Protocol Signed With Congo

*OW1910154691 Beijing XINHUA Domestic Service
in Chinese 0719 GMT 18 Oct 91*

[Text] Brazzaville, 17 Oct (XINHUA)—The Chinese and Congolese Governments today signed a protocol here obligating China to continue to send medical teams to the Congo.

Wu Shunyu, Chinese ambassador to Congo, and (Monchika Enchika), secretary general of the Congolese Ministry of Foreign Affairs and Cooperation, signed the protocol on behalf of their respective governments.

In 1967, China and the Congo signed the first protocol obligating China to send medical teams to the Congo. The latest protocol stipulates that every two years, China will send a medical team to the Congo made up of more than 30 physicians and medical technicians. The Chinese medical team to be sent next will be the 13th of its kind.

West Europe

Further on Zou Jiahua Trip To Britain, Germany

Interviewed by BBC

*OW2910194391 Beijing XINHUA Domestic Service
in Chinese 0417 GMT 28 Oct 91*

[By reporter Wang Shengliang (3769 3932 5328)]

[Text] London, 28 Oct (XINHUA)—Responding today to a BBC reporter's questions, Chinese Vice Premier Zou Jiahua said: China and Britain share strong aspirations in promoting economic and technological cooperation between our two countries. With efforts from both sides, prospects for developing such cooperative relations are "very good."

Zou Jiahua said that he is visiting Britain in the wake of the British Prime Minister Major's successful visit to China this September and at a time when Sino-British relations are developing well, with a view to promoting economic and technological cooperation between the two countries.

Zou Jiahua said that his visit was important to the British Government. He has met with British Prime Minister Major, Foreign Secretary Hurd, Trade and Industry Secretary Lilley, Energy Secretary Wakeham, and many other government officials. He said: "During our talks with ranking British officials, both sides fully expressed the aspiration to further develop economic and technological cooperation between the two nations."

To a question on why British trade volume with China has lagged behind that of other European countries, Zou Jiahua said: Trade volume between China and individual European countries are not exactly alike; Germany now leads France and Britain in this respect. He attributed this phenomenon to various factors, saying that as long as both sides share the aspiration for development and integration with China's economic development, prospects for increasing British trade volume with China are very good.

During the interview, Zou Jiahua highlighted China's principles of promoting a socialist planned economy in conjunction with market regulation.

Zou Jiahua arrived in Britain on 22 October for a visit at the invitation of the British Government. Today he left London for Germany.

Addresses German Industrialists

*OW3010102991 Beijing XINHUA Domestic Service
in Chinese 0325 GMT 30 Oct 91*

[By reporter Xia Zhimian (1115 3112 3094)]

[Text] Bonn, 29 Oct (XINHUA)—Zou Jiahua, the visiting Chinese vice premier and concurrently minister of the State Planning Commission, held discussions with German industrialists in Cologne today. He briefed them on China's economic situation and the focal points of its economic development in the future; he also expressed his views on the prospects of Sino-German economic cooperation.

Zou Jiahua pointed out: The Chinese Government has made remarkable progress in the 1980s in implementing the policy of reform and opening up to the outside world. Over the past 12 years, China's GNP [gross national product] has registered an annual average growth rate of 9 percent. He also said: This is the first year of China's Eighth Five-Year Plan. The major tasks of the Eighth Five-Year Plan for economic development are to strive to maintain a basic equilibrium between overall supply and overall demand, and—on the premise of having control over inflation—to promote appropriate economic growth, with improving economic efficiency as

the central task. The focal points of China's economic construction during the Eighth Five-Year Plan lie in agriculture, hydropower, energy, communications, transportation, and some important raw material industries.

Zou Jiahua stressed: In the coming five to ten years, the scale of China's economic construction will be very large. It needs a great deal of funds, technology, equipment, and management experience. Apart from the investments put in by China itself, China welcomes opportunities to develop closer cooperative relations with all friendly nations. China's reform and opening up policy will not only remain unchanged, but will also be increasingly perfected.

Touching on Sino-German economic relations, Zou Jiahua pointed out: China and Germany are situated separately on the large continents of Asia and Europe, therefore we have no conflicts of interest; on the contrary, we have many common interests and extensive economic ties. The economic structures of the two countries are to a large extent complementary: China is rich in labor and natural resources, with great potential for development and exploitation; in addition, it has a vast market. Germany is advanced in industry as well as science and technology; it has abundant funds and relatively better management. He believes that Sino-German economic, trade, and technological cooperation has a fairly sound foundation. Germany is China's largest trading partner in Europe, and for five consecutive years the total volume of bilateral trade has exceeded 4 billion U.S. dollars. Besides, Germany is also one of the principal countries from which China imports technology and equipment. There are more than 80 Sino-German joint ventures in China, and most of them are running well. There are prospects for comprehensive Sino-German cooperation in the energy, communications, machine-building and electronics, petrochemicals, aviation, and space industries.

During the discussions, Zou Jiahua answered questions raised by the participants. Some German industrialists expressed strong wishes to develop economic ties and strengthen cooperation with China, as well as hoped to have a further understanding of and more detailed information about the key construction projects of China's Eighth Five-Year Plan.

Prior to the discussions, Zou Jiahua had also met with Heinrich Weiss, president of the Federal Association of German Industry and also chairman of the China Group of Germany's Oriental Economic Committee.

[Beijing XINHUA in English at 0526 GMT on 30 October in a similar report adds: "Zou today also visited an open-cut coal mine of the RheiBraun Company, the Fried Krupp Group, and the KHD Corporation.]

Further Coverage of Frans Andriessen Visit

Meets Li Peng

OW2410151991 Beijing XINHUA in English
1502 GMT 24 Oct 91

[Text] Beijing, October 24 (XINHUA)—Chinese Premier Li Peng said here today that China has always attached importance to relations with the European Community.

In his meeting with Frans Andriessen, vice-president of the Commission of the European Community, Li said China and the EC have no conflicts of fundamental interest, thus "having no reason for not getting along with each other well".

Andriessen is the highest-ranking EC leader to visit China in the last two years and more. He arrived here Wednesday to attend the 11th Joint China-EC Commission session and the fifth minister-level meeting.

Soon after his arrival in Beijing yesterday, Andriessen held talks with Li Lanqing, Chinese minister of economic relations and trade (MOFERT). He told Li Peng during their meeting today that the talks were fruitful, and have laid the foundation for further strengthening of cooperation.

According to a Chinese official present at today's meeting, Li Peng said the EC has fairly strong economic power and is playing an important role in international affairs.

China is a huge market and its economy is being developed continuously, Li Peng said. Therefore there is great potential for China and the EC to develop mutually beneficial economic and trade ties. With the expansion of China's modernization construction, there is a broad prospect for China to import technology and equipment from the EC countries, Li said.

The trend of the world's economic development is diversification, Li Peng was quoted as saying. He expressed the hope that the EC consider its relations with China from a long-term point of view, because the maintenance and development of such relations will benefit both sides.

Andriessen said during the meeting that the achievements China has made in the reform have impressed him deeply, and the EC will continue to do its part in this process of reform and support China's modernization construction.

The cooperation between the two sides was once suspended, Andriessen said, and now it should be restored and developed further. He said measures should be taken for expanding cooperation, especially in the areas of agriculture, energy, communications and technology.

Speaking of China's economic policies, Li Peng said that the mechanism of China's economy is to combine the advantages of a planned economy and the market regulation.

Owing to the lack of understanding of China's situation and the Chinese Government's policy, some westerners think China is still implementing a completely planned economy; meanwhile, others think that China's reform

means a complete market economy, the premier said. Both understandings are incomplete and inaccurate.

China's reform is conducted step-by-step starting from the economic area and the rural areas, Li said. The reform is conducted in steady steps and is being carried further following continuous summing-up of experience.

The criteria for reform are promoting economic development, raising the people's standard of living, and being conducive to social stability.

At noon, Li Peng hosted a banquet in honor of Andriessen, his wife and party.

Andriessen and his party are scheduled to leave Beijing tomorrow.

Discusses GATT Issue

HK2410144891 Hong Kong AFP in English 1417 GMT
24 Oct 91

[Text] Beijing, Oct 24 (AFP)—Chinese Premier Li Peng has asked European Commission President Jacques Delors to support Beijing's application to join GATT, the vice president of the EC's executive body said Thursday.

Frans Andriessen of the European Commission told reporters after talks with Li that the Chinese leader wrote in a letter to Delors that China's economic reform policy and progress in recent years should enable it to join the General Agreement on Tariffs and Trade.

The letter said China, which sought admission in 1986, had dropped its opposition to Taiwan's application last year to join Geneva-based GATT, the U.N. agency that oversees most of the world's trade.

Beijing still insists that GATT admit Taipei only after it joins, and that admission must not change the status of the island, a province of China controlled by the Kuomintang (Chinese Nationalist) party.

Beijing also insists that Taiwan's status in GATT be the same as that currently accorded to the British colony of Hong Kong.

"The letter will be carefully studied," said Andriessen, the first leading official of the European Commission to visit China since the Tiananmen crackdown in 1989, which led to the freezing of all EC relations with Beijing.

China was a founding member of GATT in 1947, but withdrew in 1949 when the Communist Party took power on the mainland. More than four decades later, both Beijing and Taipei still claim to be the sole legitimate ruler of all China.

"Member states have not yet defined a definitive position as far as Taiwan is concerned...but it is clear that in purely economic terms, there is an importance to have an important operator as Taiwan in the system," Andriessen said.

Recognition of Beijing as the legitimate government of all China is not a factor in the question of GATT membership, he added.

Taiwan has a population of 20 million and financial reserves estimated at 75 billion U.S. dollars, the second largest in the world after Japan.

Andriessen co-chaired Wednesday and Thursday with Chinese Foreign Trade Minister Li Langqin over the first meeting in two and a half years of a joint EC-China commission.

Describing the meeting as "very successful" and "promising," Andriessen hoped the establishment of a group of trade experts announced Thursday would resolve differences between Beijing and Brussels on how the two sides calculate EC-China trade.

The EC claims it had a 6.7 billion dollar trade deficit with China last year and that this deficit grew markedly in the first half of this year.

China, which restricts imports through high tariffs and customs barriers, claims it had a deficit with the EC of 2.4 billion dollars last year. Beijing, however, excludes from its calculations all goods exported to Europe via Hong Kong.

Representatives from both sides will meet in February to examine obstacles to trade with the aim of developing harmonious and balanced exchanges between the EC and China, a statement issued at the end of the meeting said.

Their report will be examined at the next EC-China Joint Commission meeting, to be held in Brussels in 1992.

News Conference Held

*OW2410100291 Beijing XINHUA in English
0942 GMT 24 Oct 91*

[Text] Beijing, October 24 (XINHUA)—China and the European Community (EC) today expressed their common wish to actively explore new channels for expanding their economic and trade relations.

Chinese Minister of Foreign Economic Relations and Trade Li Lanqing and visiting EC Commission Vice-President Frans Andriessen expressed the wish at a joint press conference given here today, following the conclusion of the 11th session of the Sino-EC Mixed Commission and the fifth ministerial meeting.

Andriessen is the highest-ranking EC official to visit China in the past two years.

Li, voicing satisfaction with the talks, said that the visit by Andriessen and his party marks the beginning of "a new phase in Sino-EC economic and trade co-operation."

In a candid, friendly and constructive manner, Li said, the two sides have discussed the achievements and existing problems in bilateral economic and trade relations, and ways to further these ties.

Andriessen commented that Sino-EC relations are developing, though the pace has slowed in the last two years. "The time now, as we see it, is riper for resuming gradual improvement in our relations," he said.

The EC has decided to promote new projects in the fields of ecology, agriculture and energy, and thus substantiate the increase of co-operation between the EC and China, he said.

The China-EC Center for Biological Technology, scheduled to open in early November, will be a concrete example of the furthering of bilateral co-operation, he said.

Asked about the trade deficit between China and the EC, Li said the two sides share the view that the problem will be solved "in the process of development, that is, with a positive instead of a negative attitude."

He noted that China and the EC have different statistics for the trade deficit. That is why he recommended the formation of a panel of experts to work out a statistical method acceptable to both sides. Li said Andriessen has given a positive response.

Andriessen expressed his wish that the trade deficit problem will be dealt with in the spirit of the joint commission session and through consultations, rather than unilateral actions.

Li concurred, saying, "the important thing now is that both sides share the common wish to further develop our co-operation."

China sent a purchasing mission to EC member countries last year, and that brought about "very good results," Li said.

'Strong Commitment' to Better Ties

*HK2510010791 Beijing CHINA DAILY in English
25 Oct 91 p 2*

[By staff reporter Qu Yingpu: "Sino-EC Parley To Further Co-op"]

[Text] China and the European Community have agreed after two days of high-level talks to make joint efforts in improving bilateral co-operation.

"We are determined to develop new projects (in China) in biological fields, energy, agriculture and so on to substantiate this increase of co-operation," EC Vice President Frans Andriessen told a press conference yesterday.

The official opening of an EC-Chinese Biotechnological Centre in Beijing on November 1 will confirm this strong commitment, he said.

The EC suspended its aid for trade promotion, agricultural, technical renovation and personnel training projects in China in late 1989.

Andriessen and his 32-member delegation are expected to conclude their three-day Beijing visit today with the

fifth ministerial meeting and an annual meeting of the Sino-EC Joint Commission on Trade and Economic Co-operation.

During the visit, Andriessen held talks with Chinese Premier Li Peng, Foreign Trade Minister Li Lanqing and Vice Foreign Minister Tian Zengpei.

Minister Li also said at the press conference that the talks had been "very successful, frank, friendly and constructive."

Andriessen's visit itself "means that trade and economic relations between the two sides have entered a new stage," Li said, adding that the meeting would play an important role in the further development of relations between China and the EC and its member countries.

The two sides have agreed to solve their economic disputes including trade imbalance through negotiations, Li said.

"We have agreed that the problems should be solved in the development of bilateral co-operation instead of cutting trade to get a balance," he said.

"The most important factor is that both sides wish to further develop bilateral co-operation," Li said.

The European Community claims it suffered a trade deficit with China but China's statistics suggest otherwise.

Li said he had proposed to set up an experts group to investigate this inconsistency and find statistics acceptable to both sides.

The minister also indicated that China is willing to expand imports from the EC and will "consider Andriessen's proposal to send another buying delegation to the EC."

Earlier this year, such a delegation was sent by China to the EC and ordered \$1.56 billion in goods.

Andriessen said the meeting of the joint commission was "very successful" and was a "promising token of our future relations and co-operation."

Despite remaining problems, "it's much better to resume co-operation," he said.

Andriessen said the EC was not in favour of unilateral action against China in the trade disputes, adding that he believed the problems would be solved through consultation.

He also exchanged views with Li on the resumption of China's membership in the General Agreement on Tariffs and Trade, a world organization which sets policies for 80 percent of international trade.

The two sides also briefed each other on their economic situation and the Uruguay Round of talks, which will be a corner stone for further world trade growth in the next 10 years.

Differences on Trade Persist

HK2510030091 Hong Kong AFP in English 0239 GMT
25 Oct 91

[By Pierre Lanfranchi]

[Text] Beijing, Oct 25 (AFP)—One year after lifting sanctions on China, the European Community (EC) this week gave a "political gift" to Beijing, which has clung to its trade advantages without making any human rights concessions, diplomatic sources here said.

In the first visit by an EC executive commission official to China since the 1989 Tiananmen massacre, commission vice-president Frans Andriessen contented himself with reminding Chinese leaders Wednesday and Thursday that the community deplored both "the problems of political prisoners and the problems in Tibet."

While reiterating the European line on the gradual reestablishment of relations with China, the number two in the EC executive said "the climate now as we see it is much better to resume our cooperation."

"This really is a political gift for Beijing," one European diplomat said. Others pointed out that there had been no urgent reason for Andriessen's visit to Beijing.

Andriessen told journalists after talks with Chinese Prime Minister Li Peng Thursday that he had issued no concrete demands—such as for an amnesty for political prisoners—during the meeting.

The official added that the only obstacle to new EC cooperation projects with Beijing was the opposition of the European Parliament, which maintains that the Chinese Government has not fulfilled the conditions for a return to normal relations.

Andriessen and Chinese Foreign Trade Minister Li Langqing co-chaired on Wednesday and Thursday a joint EC-China commission.

The commission had not met since the bloody repression of the 1989 pro-democracy movement, which led to the freezing of all EC relations with Beijing. The last meeting took place in Brussels.

The visit will do no more to change China's human rights policy than those of several EC heads of government and foreign ministers in the past year, while Beijing will be sure to add it to its growing list of diplomatic successes, the diplomatic sources said.

Two EC prime ministers—Britain's John Major and Italy's Giulio Andreotti—and three foreign ministers—Spain's Francisco Fernandez-Ordonez, Italy's Gianni de Michelis and Britain's Douglas Hurd—have visited Beijing in the past year.

The Joint Commission's only concrete achievement was the decision to convene a meeting of trade experts from both sides in February to restart discussions on the EC's considerable trade deficit with China.

Brussels put the deficit at 6.77 billion dollars in 1990. According to the EC's official statistical bureau, Eurostat, if the trend of the first six months of 1991 continues, it will double that amount this year.

In the joint communique on the meeting, Beijing's only concession to finding a solution to the EC deficit was to say it would consider sending a "shopping mission" to the 12 community countries.

Rejecting the EC figures, China—with the help of its own "statistics with Chinese characteristics," as one member of Andriessen's delegation called them—even suggested that it was the one with the deficit, saying it had made a loss of 2.4 billion dollars in its commercial exchanges with the EC in 1990.

European experts point out that—as with its figures for its trade with the United States, in which Washington likewise has a deficit—China does not include exports to the EC which pass through Hong Kong.

These "indirect exports," as the EC calls them, were worth 7.1295 billion dollars in 1991.

"China must stop changing the rules of the game to suit it," said one high-level Brussels official.

"On the one hand," he said, "it puts forward its modernisation and opening up to the outside world as arguments to gain support for its GATT application. On the other hand, it pleads underdevelopment to justify maintaining very heavy import barriers and unacceptable trade practices."

Andriessen Interviewed on Trade

HK2710063291 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 27 Oct 91 p 1

[By staff reporter Wang Yong: "High-Level Backing for Sino-EC Trade"]

[Text] Increased bilateral trade between the European Community and China, was supported by the Vice-President of the Community's executive arm, Frans Andriessen, on a landmark visit to China last week.

He came at a time when many EC member nations have resumed government loans, export credits and grants to China.

In an exclusive interview with BUSINESS WEEKLY, he described his two days of talks with top Chinese government officials as an effort to confirm the positive trend.

"I am in favour of intensifying our relationship," he said. "Though certain obstacles remain in the way, we should anyhow resume our normal course of co-operation."

Andriessen, vice-president of the European Commission, is the highest-ranking EC official to visit China since 1989, following British Prime Minister John Major and Italian Prime Minister Giulio Andreotti.

"Trade is quite neutral, and I will do my best to work on both sides to get the situation improved," he said.

He added that he would try to persuade Europeans, and the European Parliament in particular, to make a serious attempt to bring about a complete thaw in bilateral trade relations.

To this effect, the EC and China are considering how to solve trade disputes and will set up mixed committees for regular discussions by next year.

He pointed out that the time is ripe for a further breakthrough in China-EC trade relations, citing as an example the fact that the Chinese Government was trying to be more transparent and to get more investment from Europe.

"We do hope the trend that has been indicated will continue," he said.

In the meantime, he suggested, China should reconsider its barriers against imports and dispel foreigners' fears about "unpredictable policies."

His two-day contacts with leading Chinese officials yielded positive results.

The EC has agreed to provide more money for areas of great importance to China, including the environment, energy, agriculture and telecommunications.

"The technologies developed in Europe can help solve some urgent problems in China," said Andriessen, who is looking at a number of new projects to be set up in China.

The EC is also considering resuming its aid for trade promotion, agricultural and technical renovation and personnel training programmes to China, which were suspended in late 1989.

He said it was a good time for the EC to gear up business with China. "Though China has suffered some physical drawbacks in the past two years," he added, "it maintains low inflation and substantial growth. The overall tendency is good."

Andriessen painted a rosy picture of China's prospects in the unified European market due to begin at the end of 1992.

"The Common Market is offering opportunities for everybody, inside and outside. It's important for China to be there and profit from the increasing potential of the market," he said.

But he hoped that China would open wider the way into its own huge market, for European countries.

As for the possible U.S. unilateral action against China under the Special 301 Act, he said he would like to see positive results coming out of the situation, with greater access to the Chinese market. The Special 301 Act deals with retaliation against nations which the United States has determined to have conducted "unfair trade practices."

"I hope in the end the positive results will outweigh the negative ones," he said.

EC Dairy Aid Program Noted

HK2310053891 Beijing CHINA DAILY in English
23 Oct 91 p 2

[By staff reporter]

[Text] The supply of dairy products in 20 large Chinese cities has increased significantly, thanks to a five-year programme of free aid from the European Community (EC).

Statistics from the Ministry of Agriculture showed that daily liquid milk supply was 2,987 tons, including recombined milk 407 tons, in August, a 83 percent increase over 1987, the year before the free aid started.

The 20 cities also counted 347,572 cows, a 28 percent increase.

EC began helping China's milk industry in 1988, after the United Nation's World Food Programme (WFP) completed its aid to dairy industry development in six cities from 1984 to 1988. The EC continued the WFP aid and extended it to another 14 cities.

Under the agreement, the 20 cities, including Beijing, Shanghai and Tianjin, receive without charge 45,000 tons of skimmed milk powder, 16,700 tons of butterfat and additional dairy industry technology. The agreement ends in 1992.

Money earned from selling the processed milk products will be invested in China's dairy industry to help improve milk production. In August, sales of the milk products, popular in China, had reached 253 million yuan (\$47.7 million).

With the investment, coupled with local investment, 24 new dairy plants were built and another 38 improved. Feed-processing factories to help the production were built or extended. Meanwhile, more advanced facilities have been imported. All these factors put China's daily milk processing capacity at 5,000 tons, 30 percent more than in 1987.

The EC also plans to invest about 4.5 million Euro dollars in researching cow breeding and milk processing. The community has sent technical personnel to help with the research.

Before 1988 when the EC's aid project began, only babies and residents who suffered from certain illnesses could easily get a monthly milk ration card from the official department.

Political & Social**Further on Expelling of 'Corrupt' Party Members**

HK2910115591 Hong Kong AFP in English 1147 GMT 29 Oct 91

[Text] Beijing, Oct 29 (AFP)—Tens of thousands of corrupt members of the Chinese Communist Party are expelled from its ranks every year, according to a party leader cited by the People's Daily [RENMIN RIBAO] newspaper Tuesday.

From 1982 till June 1991 a total of 270,000 of the 1,260,000 members sanctioned for corruption were expelled, said Wang Deying, deputy secretary of the party's disciplinary committee.

In 1989 and 1990 alone 70,000 members implicated in 390,000 cases were expelled, said Wang.

According to the last official count in July to mark the party's 70th anniversary, the world's biggest political party had 50,320,000 members.

For the first time since 1978 when the disciplinary committee was reestablished, after the Cultural Revolution, officials from across the country met from Friday to Tuesday in Beijing to assess the fight against corruption, the People's Daily said.

The denunciation of corruption was one of the main platforms of the pro-democracy movement crushed in June 1989. The authorities have maintained ever since that they are fighting unceasingly against corruption.

They have published statistics about economic crimes and organised campaigns against bribery and embezzlement.

Political observers view the announcement of huge purges in party ranks as a sign that those in power have been incapable of stamping out corruption which is prevalent in all sectors and at all levels of political, social and economic life in China.

For the party leadership, wiping out corruption is a major step in the struggle against "peaceful evolution", China's description for Western attempts to subvert the communist system.

But the task was an extremely difficult one, said Wang.

Experience Exchange Meeting on Social Order Ends**Antipornography Campaign Viewed**

OW2910132291 Beijing XINHUA Domestic Service in Chinese 0506 GMT 29 Oct 91

[By reporter Zou Yun (6760 0061)]

[Text] Changsha, 29 Oct (XINHUA)—Addressing the national experience-exchange meeting on improving social order, held in Hunan Province's Shaoyang city on 27 October, Song Muwen, director of the State Press and

Publications Administration, pointed out: Though the two-month-old nationwide antipornography campaign has yielded marked results, quite a number of low-quality books, journals, audio tapes, and video tapes still exist in the current publication market. He emphasized that the antipornography campaign is a long-term struggle and that our immediate job should focus on cracking down on illegal publications.

Since the summer, the national "antipornography" leading group office has successively received reports from many provinces and municipalities that reflect the return of rampant illegal publications. Of the 140 books and journals that have been banned in Shaanxi Province recently, 129 were illegally published. In Shandong Province, where 108 illegal publications were seized recently, 12 were published by fake publishing units, 88 by fake publishing houses, and eight were without copyright records.

In analyzing causes leading to the reemergence of rampant illegal publications, Song Muwen said: First, it is due to the ineffectiveness of administration of publications and the failure to trace the roots of indiscriminate publications. In particular, printing presses in towns and townships are found to be in a state of laissez faire, with collective and individual book stalls serving as major circulation channels for illegal publications. Second, slack law enforcement fails to deal a heavy blow on the illicit traffic.

Song Muwen emphasized: The antipornography campaign and the cracking down on illegal publications plays an important part in improving social order. Press and publication departments should conscientiously shoulder their responsibilities by exercising stricter administration over official publishing units. Units or individuals found selling publication serial numbers of books, journals, or editions to unauthorized book dealers should be dealt with seriously. Printing presses without licenses to print books or journals are not allowed to print books or journals without permission. Licensed book and journal printers who print illegal publications should be handled sternly, with their statutory representatives facing administrative and legal liabilities. State-approved collective or individual book retailers and second-class wholesalers are permitted to make their purchases only from the state-run Xinhua Book Store, the Archaic Book Store, publishing houses, periodical journals offices, and post offices (limited to periodical journals). Those who make purchases from other channels, irrespective of the content of the publications, will be dealt with according to regulations governing circulation of illegal publications.

Song Muwen further pointed out: The appropriate departments should intensify education for and supervision over enforcement personnel. Serious actions should be taken against those who know the law well and yet go against it and against enforcement personnel who violate laws, in accordance with relevant provisions and after weighing the seriousness of the violations.

Wang Fang on Public Security Problems

*OW2910213191 Beijing XINHUA Domestic Service
in Chinese 0928 GMT 28 Oct 91*

[By reporter Zou Yun (6760 0061)]

[Text] Changsha, 28 October (XINHUA)—A national meeting on exchanging experience in dealing with major public security problems closed in Shaoyang City today. Wang Fang, state councillor and deputy chairman of the Central Committee for Comprehensive Management of Public Security, pointed out at today's meeting: So long as we seriously keep making comprehensive efforts, we will have a very good chance of success in further improving public order, and it is entirely possible to maintain the steady social stability in our country.

Qiao Shi, member of the Standing Committee of the Political Bureau and chairman of the Committee for Comprehensive Management of Public Security of the CPC Central Committee, wrote a letter to the meeting, in which he affirmed the great deal of work done by various regions and departments in comprehensive management of public security and pointed out that the present situation of public security remains grim and we must not relax our efforts even slightly.

Wang Fang presided over the meeting and spoke on behalf of Qiao Shi and the Central Committee for Comprehensive Management of Public Security. He said: Dealing with major problems is a very important work in the comprehensive management of public security. Since the beginning of this year, about one-third of the provinces and autonomous regions in our country have generally started quite solid work of dealing with major public security problems in various prefectures and cities. Their efforts in this regard have crushed criminals' arrogance and stopped to a certain extent the rising trend of criminal cases. The people are feeling safer, and in some localities, distressed economies are beginning to revive and both industrial and agricultural productions are growing remarkably.

On the work ahead, Wang Fang emphasized: In dealing with major public security problems, we should popularize our good experience, make it even better, and consolidate and enhance our achievements. In order to do so, party committees and governments at all levels should proceed from the desire to maintain stability in our country, seriously strengthen leadership over the comprehensive management of public security, and implement relevant measures in an all-around way. All localities should adopt effective measures and fully mobilize all departments and the people to take part in dealing with major public security problems. The public security organs should assign more police to work at the grass-roots level. Both the residents committees and the villagers committees should have someone taking charge of the public security work. In the meantime, it is necessary to adopt effective measures to rectify and build well the law-enforcement force.

Bai Jingfu, vice minister of public security, speaking to the meeting on behalf of the All-China Women's Federation and the Ministry of Public Security, made arrangements for combating the crime of abducting and selling women and children. Song Muwen, director of the State Press and Publications Administration, made arrangements for punishing illegal publishers and banning illegal publications.

Civilians' Sense of Safety 'Notably Improved'

*HK2810094591 Beijing RENMIN RIBAO in Chinese
18 Oct 91 p 3*

[By staff reporter Xu Yunping (1776 6663 1627): "Social Survey Conducted by Public Security Ministry Shows Improvement in Urban Residents' Sense of Security"]

[Text] Beijing, 17 Oct (RENMIN RIBAO)—The Public Security Ministry Public Security Research Institute recently conducted a second national sample survey on civilians' sense of safety. This survey indicates civilians' sense of safety has notably improved over the last two years.

The range of this survey was basically the same as the first survey in 1988, which included 15,000 residents over 16 years of age in 15 provinces, autonomous regions, and cities directly under the central authorities, as well as 75 counties, 375 streets (townships), and 750 neighborhood committees. During the survey, residents' overall appraisal regarding their personal safety averaged 0.551 points, and their overall appraisal for social security averaged 0.545 points, an increase of respectively 16.5 percent and 11.9 percent over the first survey's 0.473 and 0.487. Residents' concern over social security dropped as compared with the first survey. "Wages and commodity prices, social security, social habits, education, and clean administration" were listed in the survey questionnaire. Concern over "social security," which ranked second in the first survey, dropped to last place this time. In answer to a question "Dare you walk alone at night," a question commonly used in the world to test civilians' sense of safety, 68.8 percent of the responders said "yes," a 36.5-percent increase over the first survey.

"Whether a female worker needs others' company when going to and returning from a night shift" is also a standard to examine civilians' sense of public security. Compared with the first survey, 17.8 percent of the respondents frequently need others' company, a 3.4-percent decrease; 43.1 percent do not need others' company, a 2.4-percent increase. The percentage of people afraid of strangers' visits when staying home alone dropped: 32.6 percent were afraid and 66.8 percent were unafraid.

About 60.1 percent of the respondents expressed their courage to fight intruders when directly attacked, a 14-percent increase over the first survey; those who expressed their courage to stop law breakers accounted for 44.3 percent, an increase of almost 20 percent over the first survey. All this shows that Chinese civilians have improved their self-defense mentality and their willingness to help others. When commenting on the

present crime rate, 10.3 percent of the respondents said it was "very serious," 44 percent said it was "comparatively serious," and 25.1 percent said it was "ordinary." The survey suggests a marked improvement in civilians' sense of safety. The fundamental reason is that China's politics, society, and economy are stable.

Commentator's Article Stresses Politics

*HK3010063091 Beijing GUANGMING RIBAO
in Chinese 23 Oct 91 p 1*

[Commentator's article: "While Concentrating Efforts on Economic Construction, We Should Not Neglect Politics"]

[Text] During a speech at a central work meeting, Comrade Jiang Zemin stressed that leading cadres, particularly high-level cadres, "should be good at observing and handling problems from the political angle." Comrade Jiang Zemin's remark not only expresses the party Central Committee's political concern for leading cadres, particularly high-level cadres, but also serves as a basic requirement for all kinds of work. At present, acquiring a good idea of this point is of practical significance.

The CPC is the vanguard of the Chinese working class and is the loyal representative of the interests of the people of all nationalities in the country. The realization of communism is the party's ultimate target for endeavor. A conspicuous class nature, the aim of wholeheartedly serving the people, and a lofty historical mission have determined that the party's words and deeds must correspond with the fundamental interests of the proletariat and the masses and must become the highest criteria supported by the proletariat and the masses. Therefore, observing and handling problems from the political angle is an outstanding characteristic and fine tradition of the party; it is also an important guarantee for victory in revolution and construction.

Viewed from history, our party has always been good at observing and handling major problems from the political angle. This finds expression in party leaders. For example, at the Second Plenary Session of the Seventh CPC Central Committee held before the country's liberation, Comrade Mao Zedong, while referring to our party's work in cities, stressed the significance of politics in economic work. He pointed out: From the first day we take over cities, we should direct our eyes to the restoration and development of urban production and avoid blindness in our action to prevent neglect of the central task; otherwise, we will not be able to preserve our political power or to stand firm. Instead, we will fail. From the restoration and development of the then urban production, he could perceive the extreme importance of consolidating the newly born proletarian power. This was a brilliant example of Comrade Mao Zedong being good at observing and handling problems from the political angle. Comrade Deng Xiaoping, the core of the second generation party leadership, is also good at observing and handling problems from the political

angle. Not long after the "gang of four" was smashed, Comrade Deng Xiaoping raised this famous thesis: The realization of the four modernizations is our biggest political activity at present. He also pointed out: "In realizing the four modernizations in China, we must adhere to the four cardinal principles in ideology and politics." This gives expression to the correct idea of observing and handling problems in modernization from the political angle, thus enabling the entire party and people to have a better understanding of the importance and correct orientation of the four modernizations.

Since the Fourth Plenary Session of the 13th CPC Central Committee, the party Central Committee with Comrade Jiang Zemin as the core has, amid changes in the international situation, inherited the party's fine tradition, displayed the party's political superiority, and resolutely implemented the line of "one central task, two basic points." In both major political issues and economic construction, it is good at observing and handling problems from the political angle, thus effectively ensuring the continuous progress of the socialist cause with Chinese characteristics. Lenin pointed out: "All the problems boil down to (from the Marxist viewpoint they can only boil down to) this: A class will not be able to maintain its rule if it cannot correctly handle problems from the political angle; therefore, it will not be able to solve its production tasks, either." This is the reason why all genuine Marxists should be good at observing and handling problems from the political angle.

To be good at observing and handling problems from the political angle, we should have the awareness about the antagonism and conflict between two classes, two systems, and two ideologies; use the position and viewpoints of Marxism to observe and handle problems; and adhere to the four cardinal principles in all work. The four cardinal principles are our basic principles for establishing the state, are the ideological and political foundation for uniting the entire party and the people of all nationalities in the country, and are the preconditions for bringing about the four modernizations. As a class, the exploiting class has now disappeared from our country. But class struggle still exists. The antagonism and conflict between the four cardinal principles and bourgeois liberalization and the struggle against infiltration, subversion, and peaceful evolution will become very acute at certain times. Under these circumstances, we must adhere to the four cardinal principles, remain politically sober and have a keen political sense in major issues of right and wrong, distinguish between right and wrong, uphold truth, and oppose wrong ideas and actions. In economic construction, reform, and opening up, we must hold firm to the socialist orientation, strengthen ideological and political work, prevent ourselves from engaging in daily affairs all day long and from losing our political bearings. We must unremittingly wage education and struggle against bourgeois liberalization, build a wall of steel in ideology and politics against peaceful evolution, and never become negligent or slack at any time.

To be good at observing and handling problems from the political angle, we must understand the political significance of economic construction, reform, and opening up. Politics is the concentrated manifestation of economy. We must be able to understand the political significance of economic construction, reform, and opening up. Now the entire party is focusing its attention on deepening reform, widening the scope of opening up, and improving large and medium-sized state enterprises. Unquestionably, improving large and medium-sized state enterprises is an important economic task, but this is not simply an economic activity. It is a major political issue with a direct bearing on the development of socialist modernization and the consolidation of the socialist system. The central work meeting pointed out: "Economically, the most important point in building socialism with Chinese characteristics and bringing into full play the superiority of the socialist system is strengthening the vitality of large and medium-sized state enterprises and improving their economic results. This will consolidate the leading role of the public-owned economy, strengthen the masses' confidence in taking the socialist road, and make ourselves invincible forever." Only by understanding both the economic and far-reaching political significance of improving large and medium-sized state enterprises will comrades in the entire party improve their consciousness in deepening reform, widening the scope of opening up, and improving large and medium-sized state enterprises.

To be good at observing and handling problems from the political angle, we must also form a solid mentality about building the two civilizations. Socialist spiritual civilization is an important characteristic of the socialist system. Introducing socialist spiritual civilization serves as a huge impetus for material civilization; it is also an important component of the socialist cause itself. Therefore, we should understand the importance of the two spiritual civilizations from the high plane of consolidating and developing the socialist system, instead of "being strict in one aspect and lax in another" or putting socialist spiritual civilization in a very unimportant position. When the entire party is paying attention to economic work, in particular, this situation should all the more be prevented from happening.

LIAOWANG Article Views Jiang 1 Jul Speech

HK2810134991 Beijing LIAOWANG in Chinese
No. 39, 30 Sep 91 pp 11-12

[Article by Xing Bensi (6717 6321 1835): "Handle Our Own Affairs in Satisfactory, Down-to-Earth Manner—Studying Comrade Jiang Zemin's 1 July Speech"]

[Text] Today, the whole nation is studying Comrade Jiang Zemin's "Speech at the Meeting Celebrating the 70th Anniversary of the Founding of the CPC." In my opinion, the fundamental purpose of studying this speech is to enhance our determination and confidence in building socialism with Chinese characteristics and handle our own affairs well. What I mean by "our own

affairs" is upholding the party's basic line, i.e., taking economic construction as the central task, the four cardinal principles, the reform and opening up, regeneration through self-reliance, hard struggle, and building our country into a rich, strong, democratic, and civilized modern socialist country. The second part of Comrade Jiang Zemin's speech points out that this is the "solemn mission of contemporary Chinese communists." Whether or not we can accomplish it well is crucial to China's destiny and that of socialism, as well as whether or not the Chinese nation can stand by itself.

How to handle our own affairs well and accomplish this great historical mission? By studying Comrade Jiang Zemin's speech, I have come to the understanding that it is imperative to focus on handling well the following four relationships in the course of building socialism with Chinese characteristics:

First, we should correctly handle the relationship of socialist economic construction with socialist political and cultural building. As Comrade Jiang Zemin put it, the economy, politics, and culture of socialism with Chinese characteristics are an organic, inseparable whole. However, we should also be able to see and grasp the principal contradiction. "In the course of socialist modernization, we should consistently take economic construction as the central task. The work in all fields of the party and state must be subordinated to and serve the central task of economic construction, instead of deviating from this central task, still less interfering with it." With a developed economy, increased comprehensive national strength, improved livelihood for the people, and a more powerful nation, the socialist system's tremendous superiority will be fully demonstrated and we will have a more solid material, technological, and cultural basis for our struggle against peaceful evolution, and our socialist system will be even more invincible. Therefore, Comrade Jiang Zemin stressed in his speech that it is necessary to "grasp unwaveringly" the central task of economic construction.

Thus it can be seen that the party Central Committee, with Comrade Jiang Zemin as the key figure, takes a firm and clear-cut stand in upholding the basic line set by the Third Plenary Session of the 11th CPC Central Committee. In carrying out the systems engineering project of socialist modernization, our party takes account of the overall situation and also believes in the need to grasp the key link, i.e., the central task of economic construction. Whether or not we can grasp this central task well is of vital importance to socialism's success. Naturally, however, it is also imperative, centering around this central task, to pay attention to the improvement of socialist democracy and the legal system and the construction in socialist cultural cause and other fields, because they are all closely connected with, and supplementary to, economic construction.

Second, we should handle correctly the relationship between building socialism with Chinese characteristics and adhering to reform and opening up, for socialism

with Chinese characteristics is not an established formula but is gradually created and developed in practice. Since the Third Plenary Session of the 11th CPC Central Committee, our party, in accordance with the principle of integrating the Marxist universal truth with China's concrete practice and on the basis of a profound summing up of the past and present practice and experience, has arrived at a scientific judgment that our country is in the initial stage of socialism and formulated the party's basic line and a series of effective principles and policies. The whole party has obtained a common understanding of the basic theory and practice concerning the building of socialism with Chinese characteristics. In the future, it is necessary for us to constantly eliminate the links in the economic base and superstructure that do not conform to economic development and are hindering bringing the socialist system's advantages into play. Therefore, as Comrade Jiang Zemin put it, in building the economy, politics, and culture of socialism with Chinese characteristics, it is imperative to uphold the general principle of reform and opening up under the precondition of upholding the four cardinal principles. Only through reform can socialism's superiority be demonstrated. Our reform is the self-improvement and development of the socialist system and the process of giving play to advantages, removing corruption, and boldly blazing new trails. Our opening up is to absorb advanced science and technology, managerial experience, and excellent cultural achievements from abroad and assimilate foreign investment, so as to increase our country's capacity for self-regeneration in economic and social development and competitiveness in the international community. These theses given by Comrade Jiang Zemin briefly explain the relationship between upholding socialism and adhering to reform and opening up.

In fact, without reform and opening up, the socialist society's productive forces could not be further developed; many economic, political, and social problems would not be effectively solved; and we would be unable to consolidate or develop socialism. Only by adhering to reform and opening up can we score greater achievements in economic construction and, with more surety, accomplish the second-step strategic goal of national economic development and bring the socialist system gradually to a higher level of development, perfection, and maturity. This is where the fundamental interests of the Chinese nation and the Chinese people lie. Therefore, no matter how the political climate will change, we must adhere to the principle of reform and opening up and carry out just and forceful propaganda on this principle with a clear-cut stand.

Third, we should handle correctly the relationship of reform and opening up with upholding the four cardinal principles, opposing bourgeois liberalization, and resisting peaceful evolution. No matter what we do, we cannot be obscure about our bearing and goal. Such an important matter that determines the direction of social transformation as reform and opening up definitely needs a clear orientation. There are two statements in

Comrade Jiang Zemin's speech which are brilliantly made: "Without reform, it would be impossible to maintain the socialist system's exuberant vitality; without holding on to the socialist orientation in the reform, all the achievements of the party and people through 70 years of struggle would be ruined." Therefore, Comrade Jiang Zemin pointed out that it is imperative to make a clear distinction between the two notions of reform and opening up, i.e., reform and opening up on the basis of the four cardinal principles versus "reform and opening up" with a capitalist nature advocated by bourgeois liberalists. These expositions make it clear that upholding the socialist orientation and upholding reform and opening up are an organic, inseparable whole.

Looking back on history and facing reality, we should not overlook the extreme importance of making distinctions between the two notions of reform. The banner of reform has always been something that everybody could hold up: The loyalists of Marxism and scientific socialism can hold it up, and so can those against Marxism, communism, and socialism. Did not some people who tenaciously stuck to bourgeois liberalization in our country also flaunt the banner of reform to attack us a few years ago? The same word contains different connotations, and under the same banner may lie different measures. Therefore, we should not take for granted that all reforms follow socialist orientation and are the self-improvement of socialism. It is necessary to find out what wine is in the bottle, and whether the reform is truly in the direction of socialism or the opposite. If we did not adhere to the correct direction of the reform and opening up, uphold the four cardinal principles, oppose bourgeois liberalization, or resist the reactionary forces' attempt at peaceful evolution, it would be nothing short of "a blind man on a blind horse at the brink of deep water at midnight," and indeed there would be the danger of falling into a bottomless abyss and ruining all the achievements of the party and people obtained through decades of struggle. This is in no way entertaining groundless fears or alarmist talk.

Of course, we should also be able to see that in resisting the various erroneous ideological trends, such as that of bourgeois liberalization and guarding against the peaceful evolution attempt against us by reactionary forces, we do need to, on the one hand, heighten our vigilance, be sober-minded, and firm up our stand; and, on the other hand, the crux is for us to promote economy through practical and effective reform and, in the meantime, do a good job in such areas as democracy and legal system, cultural building, ideological education, and party building. In a word, having our feet firmly planted within China and consolidating the foundation is the fundamental policy for safeguarding socialism.

Fourth, we should handle correctly the relationship between the building of socialism with Chinese characteristics and party building. In part three of his speech, Comrade Jiang Zemin pointed out: "The key to building socialism with Chinese characteristics is strengthening and improving the party leadership. In a big country like

China, it is absolutely impossible to unite the thinking and strength of the 1.1 billion people in building socialism without the leadership of a party which is highly conscious, rigorously disciplined, self-sacrificial, and truly represents and unites with the masses."

This principle is easily comprehensible. The quality of the party is closely connected with the result of socialist construction. If the party building is so poor that the party does not have a firm and correct political orientation, cannot serve the people wholeheartedly, and is corrupt in work style, there will be no centering power and the party will fail to unite with millions of people in building socialism. On the other hand, if socialist construction cannot achieve successes and social problems and conflicts pile up, the party will also be unable to win the support of the masses and the party's survival will be a problem, let alone the party building. There is much to be done concerning party building, but I think the most important and urgent thing is the work in the following three aspects:

(1) It is necessary to establish a strong leading core. This is a united leading collective based on Marxism-Leninism-Mao Zedong Thought. What is meant by strengthening the party leadership is to strengthen the party's leading core first. The party Central Committee, with Comrade Jiang Zemin as the key figure, is a strong leading collective. It leads the whole party and the whole nation in their fruitful endeavor to build socialism with Chinese characteristics.

(2) The leadership at various levels should be solidly grasped in the hands of staunch Marxist loyalists. It is necessary to train large numbers of cadres straddling the turn of the century to supply successors to our country's socialist cause.

(3) Leaders at various levels in the party must maintain flesh-and-blood relations with the general public, serve the people wholeheartedly, persist in honest and clean administration, and mold the glorious image of communists through actual deeds. "The water that devours a boat is the very water that carries it." The will of the people is key to our cause's success. Cadres at all levels must take this issue seriously as a major matter that concerns the destiny of the party and the country.

To sum up, Comrade Jiang Zemin's speech is a programmatic document of a Marxist nature and a summary of China's experience in revolution and construction. We should comprehensively understand and implement this speech's spirit. I have come to realize through my initial study that in order to handle our own affairs well and build socialism with Chinese characteristics, we must now pay particular attention to the proper handling of the above-mentioned four relationships. In fact, this speech not only covers those relationships; it also discusses other issues. These discussions are all very enlightening to us. Comrade Jiang Zemin's speech embodies the spirit of materialist dialectics throughout. Much effort on our part is required to understand it well. It is my belief that if we learn more about material

dialectics, our behavior will become more in line with the objective law, we will be able to avoid detours, and we will be able to handle our own affairs even better.

Reportage on NPC Standing Committee Session

Wan Li, Tian Jiyun Attend

OW2910222591 Beijing XINHUA Domestic Service
in Chinese 1250 GMT 28 Oct 91

[By reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 28 October (XINHUA)—The 22d session of the Seventh National People's Congress [NPC] Standing Committee held a plenary meeting in the Great Hall of the People this afternoon.

Chairman Wan Li attended the meeting, which was presided over by Vice Chairman Rong Yiren.

Minister of Commerce Hu Ping delivered a commercial work report on behalf of the State Council. He briefed the meeting on this year's market situation and commercial work, and the efforts made by the commercial department to take part in combating natural disasters and providing disaster relief and to support the distressed regions in restoring production. Li Ruishan, Yang Bo, and Hu Keshi, vice chairmen respectively of the NPC Internal and Judicial Affairs Committee, Financial and Economic Committee, and Education, Science, Culture and Public Health Committee, reported on the results of examining the proposals made by NPC deputies and handed down to their committees by the Presidium of the Fourth Session of the Seventh National People's Congress. Song Rufen, vice chairman of the Law Committee, delivered a report on revision of the draft of the animal and plant quarantine law. An NPC delegation delivered to the meeting a written report on its visit to Finland, Romania and Italy, as well as a written report on its attendance to the 86th congress of the Inter-Parliamentary Union.

Vice Chairmen Peng Chong, Ngapoi Ngawang Jigme, Seypidin Aze, Yan Jici, Ye Fei, Liao Hansheng, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong and Wang Hanbin attended the meeting.

Vice Premier Tian Jiyun and president of the Supreme People's Court Ren Jianxin attended the meeting as non-voting delegates.

Commerce Minister Reports

OW2910133491 Beijing XINHUA Domestic Service
in Chinese 1306 GMT 28 Oct 91

[Text] Beijing, 28 Oct (XINHUA)—Entrusted by the State Council, Commerce Minister Hu Ping delivered a report on commercial work to the 22d meeting of the Seventh National People's Congress [NPC] Standing Committee today.

Hu Ping said: Under the correct leadership of the party Central Committee and the State Council, the national economy has shown further improvement since the beginning of this year. In commercial work, we have paid close attention to reform while improving market supply. As a result, the market situation has continued to develop in a wholesome direction, as seen from signs of its picking up in urban and rural markets, brisk purchases and sales of commodities, stable prices, a sound balance between supply and demand, and rational consumer spending. Urban markets have steadily expanded, while rural markets have continued to recover. Price increases are relatively small, and famous-brand, special, quality, and new commodities are generally in great demand. However, some commodities, especially outdated unsellable commodities, are still in excessive supply, and the growth of institutional purchases is faster than individual consumption.

At present, problems still exist in commercial work and market circulation system. Among them some are rather serious, such as unsold stockpiles of goods, fake and sub-quality commodities, poor service attitude, outdated commercial facilities, outstanding accounts, regional barriers and departmentalism, and declining economic turnover of state-owned commerce and supply and marketing cooperatives.

Hu Ping said: We should continue the policy of reform and opening in commercial work this winter and next spring, striving to maintain an overall balance of market supply and demand and giving top priority to commodities having a bearing on the people's livelihood. Particular attention must be paid to the following three major tasks in market supply and demand: First, we must see to it that farm and subsidiary products are procured, allocated, and entered into the markets during peak season, and that agricultural means of production, building materials, and manufactured goods for daily use are delivered to rural areas. Second, we should provide feedback of market data to help industry readjust product mix, increase marketable goods, and reduce overstocking of goods. Third, we should go all out to organize the production of famous-brand, special, quality, and new products; increase the sources of goods in great demand; adopt flexible and diverse marketing measures; further strengthen and improve service; and enrich market supply.

Reviewing the commercial departments' efforts to combat floods, deliver relief, and help flood-hit areas restore production, the minister said: During the flood season this year, the commercial departments allocated a total of some 40 million straw bags and 460 tonnes of iron wire, nails, and rolled steel, and delivered 1.37 million tonnes of relief grain and large amounts of vegetables and nonstaple foodstuffs to disaster areas. They also allocated 300,000 tonnes of chemical fertilizers and 8,000 tonnes of pesticides to help rehabilitate production.

Overall, markets in flood-hit areas have been relatively stable with a sufficient supply of goods during and after

the flood season. Grain prices in disaster areas have been basically stable. Through the efforts of various sectors, vegetable prices have gradually dropped after some initial increases. Currently, industrial and commercial departments are stepping up coordination to ensure the supply of goods that are used daily—especially daily necessities—to disaster areas. In various localities, vigorous efforts are being made to ensure the supply of agricultural production means for autumn sowing and the plowing of next spring; to help disaster areas develop industrial and sideline production and promote the sales of such products during the slack season in the winter; and to ensure the supply of goods for work relief programs and for rebuilding irrigation, transportation, and commercial network facilities in flood-hit areas.

On the progress and plans for deepening the reform of commercial and circulation systems, Hu Ping said: Since the Third Plenary Session of the 11th CPC Central Committee, conspicuous achievements have been realized in the reform of commercial and circulation systems, focused on the establishment of an operational mechanism that combines economic planning with market regulation. We have developed diverse commercial sectors with publicly owned commerce as the leading force, instituted a circulation policy that integrates urban with rural areas, abolished the exclusive circulation method based on allocation of resources, reformed the procurement and marketing system and pricing policy characterized by excessive planning, set up a market regulatory system at the central and provincial or municipal levels, and separated government administration from enterprise functions. The direction of our reform has been correct, and quite a few reform measures have been launched. Because of the lack of experience, however, problems have also cropped up as a result of incomplete reform measures, inadequate understanding of some issues, and market fluctuations. The development of markets and the transformation of enterprise mechanisms have remained slow, and the problems of low economic efficiency and poor service quality have yet to be resolved.

After completely reviewing the progress of reform in depth and the main tasks achieved by commercial departments since the beginning of this year, Hu Ping said: In carrying out the reform in commercial work, we should strive to develop markets and revitalize enterprises while continuing to consolidate the circulation order in accordance with the policy of combining economic planning with market regulation. We should, in particular, find solutions to improve service quality and halt the declining economic turnover. The minister said: First, we should further improve the responsibility system in the internal management of state-owned commerce and settle the problems of "substituting contracting for administration" and "off-the-book management," which exist among some enterprises, so as to revitalize enterprises while upholding the socialist orientation and raising the economic turnover of enterprises. Second, we should strengthen procurement management

and quality control. Third, we should introduce standardized service and management in state-owned cooperative commerce throughout the country. Fourth, we should continue to screen the leasing of counters to individuals by state-owned cooperative commerce. Fifth, we should continue the "Year of Quality, Variety, and Efficiency" activity in line with the special characteristics of commerce.

Cited on Grain Quotas, Markets

OW2810194091 Beijing XINHUA in English
1446 GMT 28 Oct 91

[Text] Beijing, October 28 (XINHUA)—China's urban and rural markets have shown signs of picking up since the beginning of this year, with brisk purchases and sales of commodities and stable prices.

Minister of Commerce Hu Ping told the on-going session of the Standing Committee of the Seventh National People's Congress that retail sales for the first nine months of this year totalled over 680 billion yuan, an increase of 12.8 percent over the same period last year.

Hu said except Jiangsu, Anhui and two other provinces that suffered heavy losses caused by flood waters, all the other provinces have fulfilled their purchase quotas of summer grain. Up to May this year, the state had had a special grain storage of about 28 billion kg.

To upgrade the facilities for grain storage, this year the state has allocated loans or invested in grain departments at all levels to build temporary and permanent grain depots with a total storage volume of 7.5 billion kg.

In his speech, the minister expressed his appreciation for the efforts by the commercial departments in flood relief.

Hu noted that the markets in the flood-affected areas have been stable, with the supply of consumer goods being adequate and grain prices stable.

However, Hu pointed out that problems still exist in commercial work and the market circulation system.

He listed some problems which are rather serious, including unsold stockpiles of goods, fake and sub-quality commodities, unchecked protectionism and declining economic turnover.

Hu said to maintain a sound balance between the supply and demand and to ensure the supply of commercial goods in rural areas and flood-hit areas are the main tasks for the commercial departments this winter and next spring. He added that special efforts will be made to address the above-mentioned problems.

Commercial Work Report Examined

OW3010130991 Beijing XINHUA Domestic Service
in Chinese 1220 GMT 29 Oct 91

[Text] Beijing, 29 Oct (XINHUA)—Members attending the 22d Session of the Seventh National People's Congress (NPC) Standing Committee deliberated on a commercial work report today. They were of the opinion that the overall market situation is good, featuring a brisk and prosperous market, an abundant supply of goods and materials, basically stable prices, and rational consumer spending. The work of the commerce departments has been fruitful. At the same time, however, there are also problems that urgently need to be solved.

The majority of members who spoke contended that the report presented by Minister of Commerce Hu Ping on commercial work is realistic. They highly appraised the commerce departments' role during the flood disaster this year, and they affirmed the reform carried out by the commerce departments in establishing a commercial system and operational mechanism by coordinating a planned economy with market regulation.

Some members were of the opinion that although the commerce departments have achieved good results, we must not overlook existing problems in the commercial system. Declining economic efficiency in the realm of circulation is yet to be reversed, and the commerce departments are still faced with quite a few difficulties. Some members hoped that party and government leaders at all levels and the relevant economic balancing departments would pay close attention to circulation just like they pay close attention to production. It is necessary to strengthen macro control over market operation and organizational leadership and to understand dialectically the decisive role of circulation over production when dealing with overstocking and sluggish market conditions.

Some members suggested that while changing the commercial system from a state monopoly on purchasing and marketing to independent operations in which each enterprise is responsible for its own profits and losses, it is necessary to carefully study how to combine industrial production with commercial marketing as an organic whole in order to establish a new industrial and commercial model for the socialist commodity economy in which profits are equally shared and risks are jointly borne.

Quite a number of members strongly criticized the poor service attitude of some commerce departments and the prevalence of bogus and shoddy products. They contended that while the market reflects the economy, it also reflects the grievances and demands of the people and that commerce has a bearing on thousands of households. Commerce departments must make strenuous efforts and take practical steps to improve the service attitude. Apart from improving the management of commerce departments and defining the system of rewards and penalties among commercial and service industries, it is also necessary to vigorously strengthen the political and ideological education of the broad

masses of cadres, especially young cadres, staff members, and workers, in order to truly establish and inculcate an ideological consciousness and moral quality for serving the people wholeheartedly.

Several members suggested that as the market is infested with bogus products and every famous brand is matched with a counterfeit product, commerce departments must pay sufficient attention to this problem and tackle it as a major issue. Serious investigations must be conducted to trace the source of fake products, and efforts must be made to exterminate their means of circulation to genuinely protect the legitimate interest of the consumers.

Session Ending Reported

*OW3010131391 Beijing XINHUA in English
1216 GMT 30 OCT 91*

[Text] Beijing, October 30 (XINHUA)—The 22nd meeting of the Standing Committee of the National People's Congress closed here today, having passed a law and two acts.

The new law, quarantine on import and export of fauna and flora, is applicable to all fauna and flora crossing Chinese borders.

The meeting also verified an act to open to foreign ships Wuhan, Jiujiang and Wuhu harbors along the middle section of the Yangtze River. The act is effective as of today.

Hu Qili Appears at Guiyang Factory Ceremony

OW2910170191

[Editorial Report] Guiyang Guizhou Television Network in Mandarin at 1130 GMT on 29 October broadcasts, in its "Guizhou News" program, an under-minute video report on the inauguration of five production lines at the Guiyang production base of the China Zhenhua Electronics Industry Corporation on 29 October. The report begins with a wide shot of a ribbon-cutting ceremony, showing Hu Qili, vice minister of Machine-Building and Electronics Industry, and two other men cutting the ribbon. None of them is mentioned by name in the report, nor are they identified by on-screen captions. The two other men cannot be identified. Video then cuts to wide and medium shots of factory buildings and workshops.

Article Views 1935-37 Revolutionary History

*HK2210003591 Beijing RENMIN RIBAO in Chinese
6 Oct 91 p 5*

[By Liu Ying (0491 5391): "In Years of Great Changes"]

[Text] Enormous changes took place in China in as little as two years, from October 1935, when the Central Red Army victoriously arrived in northern Shaanxi, to the breakout of the Lugouqiao Incident on 7 July 1937. They were years of great change. The CPC, with the Red Army under its leadership, had extricated itself from a very

difficult position, and, through the Wayaobao meeting, the eastern expedition, the junction of the three major forces, the peaceful solution of the Xian incident, and other historical events, realized the great change from the Agrarian Revolutionary War to the National Revolutionary War [min ze ge ming zhan zheng 3046 2469 7245 0730 2069 3630]. They held high the banner of resisting Japan and appeared on China's political stage with a stance that attracted worldwide attention. They thus became the pillar of the Chinese nation in defeating the Japanese aggressors during the eight years of the war of resistance against Japan. As a soldier who witnessed the great changes, I am always inspired, excited, and unable to calm down for a long time when I recall those eventful years.... [ellipses as published]

Decide on New Tactics

At the beginning of November 1935, the Central Committee held a meeting at Xiaswan, Ganquan County. It decided that the central leadership would be divided into two parts to take action. Chairman Mao, Comrade Enlai, and General Peng would lead the First Front Army of the Red Army southward and join forces with the Fifteenth Army Group of the Red Army led by Comrades Xu Haidong and Cheng Zihua to smash the enemy's third "encirclement and suppression" against the Shanxi-Gansu base. Zhang Wentian would lead the party's central organs northward and settle in Wayaobao. On 10 November, the central organs, which included Comrades Bo Gu, Kai Feng, Shaoqi, and Luo Mai (Li Weihan), as well as the revered Comrades Xu (Teli), Lin (Boqu), and Dong, arrived in Wayaobao. This was originally a political and economic center of the northern Shaanxi revolutionary base. Now it became the place for the Central Committee and the Red Army to settle down. As there was a "home" for the revolution, I married Wentian there.

We set to work immediately without respite. North China was in danger at that time. The Japanese were advocating "autonomy for North China," attempting to turn the five north China provinces into a second "Manchuria" so that they might further occupy China. Changing our strategy and tactics in light of changes in the situation became the most pressing task for us. Wentian presided over several meetings of the Political Bureau, made "declarations" and "decisions," wrote articles demanding a change in tactics, and made use of the extensive flexibility of the united front to realize the strategic task of changing civil war into a war of resistance against Japan.

At this moment, Zhang Hao came back.

One day, about 10 days after arriving home in Wayaobao, Wentian told me with great joy: "Someone has come from afar. Let us go to see him now." Then he dragged me to the cave dwelling next to ours.

The man wore a leather jacket made of sheepskin. He was in his prime and looked very smart. Wentian introduced him to me: "This is Comrade Zhang Hao, also known as Lin Yuying, an outstanding leader of the workers' movement. The Comintern has sent him back

to our country. He has just arrived." At that time, the headquarters of the Comintern was in Moscow. "Coming from afar" was a secret code referring to the Comintern or Moscow.

I asked him how he had come to this place. He said: "I took a vehicle when there was one, but just walked when there was not." After entering China from the Mongolian border, he disguised himself as a peddler and inquired about the Red Army all the way here. Then he saw a notice put up by the Red Army in northern Shaanxi and came straight to Wayaobao. He spent three months on the way. I looked at the loads of goods he had carried on the road. There were still lots of children's clothes and caps! Zhang Hao was the representative of the All-China Federation of Trade Unions to the Red Workers International. In July or August 1935, he attended the Seventh Congress of the Comintern in Moscow. In light of the changes in the international situation, the congress decided to change the "Leftist" tactics of the past. It no longer regarded the middle forces as dangerous enemies and demanded the establishment of an antifascist united front and a people's front. As this change was very important, the Comintern sent Zhang Hao back to China before the congress ended, instructing him to try to find the CPC Central Committee which had lost contact with the Comintern and convey the spirit of the Seventh Congress of the Comintern to it.

I remember that when Zhang Hao came to Wayaobao, Chairman Mao, Enlai, and General Peng were directing a battle in Zhilou. While contacting Mao, Zhou, and Peng through telecommunications to solicit their opinions on a change in tactics, Wentian also discussed this question with other leading comrades of the Central Committee at the rear.

To this day, there are two impressive things in my mind. One is the question of the united front discussed at the enlarged meeting of the Political Bureau at the end of November. I attended the meeting as a representative of the Central Bureau of the Young Communists. Wentian made a speech at the meeting entitled "Tactics for Opposing Japanese Imperialist Aggression." He proposed establishing an extensive united front and concentrating strength on opposing the main enemy—Japanese imperialism. The establishment of an extensive united front was not merely a propaganda slogan. It should be turned into a practical tactic. People at all levels, joint anti-Japanese forces, and the national government must all take action. He pointed out that we should win over those capitalists and local factions with real strength who resented Japanese aggression. The tactic of "resisting Japan and opposing Chiang" could also be used flexibly while uniting with local factions with real strength. We should unite with them even if they were only against Japan and not against Chiang. These new tactics were quite different from those of the Agrarian Revolutionary War. They were all fresh to me. The other thing is that tactics toward rich peasants were changed. The Political Bureau meeting, which was held during the first 10 days of December and presided over by Wentian, decided to

rectify the "Leftist" policy of "stepping up the struggle against rich peasants" and put forth a new policy of uniting with rich peasants or neutral rich peasants. These two matters were the prelude of the great change from civil war to the war of resistance against Japan.

The new tactic of establishing a national anti-Japanese united front was formally adopted by the Political Bureau meeting held in mid and late December 1935. This meeting, which was of great historical significance, was held in the small cave dwelling we lived in at that time. Wentian presided over the meeting and made a report entitled "The Political Situation and Tactics." He also drafted the resolution of the Wayaobao meeting—"Resolution on the Current Political Situation and the Party's Tasks." Soon after the resolution was adopted and the meeting ended on 25 December, a meeting of party activists was held on 27 December to convey the resolution. In the auditorium of the Northwest China Bureau at the foot of Longhushan (originally a Christian church), we listened to Chairman Mao's brilliant report entitled "On Tactics Against Japanese Imperialism."

The Wayaobao meeting implemented the spirit of the Seventh Congress of the Comintern but did not mechanically copy it word for word. We did not use the phrase "antifascist united front" but replaced it with "national anti-Japanese united front" (which was then changed into "national united front for resisting Japan"). We did not use "people's front" either, but replaced it with "national front." This shows that our party had cast off the yoke of dogmatism and had become more mature.

Around the Eastern Expedition

Another resolution adopted by the Wayaobao meeting was "Resolution on Military Strategy" drafted by Chairman Mao. According to the resolution, in January, the Red Army would be expanded by 5,000 men, Yichuan and Luochuan would be turned into red areas, and preparations would be made for crossing the Huanghe. In February, an eastern expedition would be started and the Luliang mountainous area in western Shanxi would be turned into a primary revolutionary base in the next six months. Then, the Red Army would seize the opportunity to go north to Suiyuan and fight the Japanese aggressors directly.

Some comrades had misgivings about the eastern expedition. They held that the soldiers had just finished the Long March over the past year and needed a good rest. Now that a foothold had been found and the main forces had crossed the river, if we were unable to protect the revolutionary base, what could we do next?

After drawing lessons from the central soviet area, Wentian held that if we just held fast to a revolutionary base, we would be unable to consolidate it. In the current stage between expansion and consolidation, we should choose the former. It was difficult to expand the Red Army in northern Shaanxi due to insufficient men and supplies. Only by crossing the river to conquer the eastern areas could the Red Army further develop. At the same time,

as the Red Army was holding high the banner of resisting Japan, it could win nationwide support. At that time, it was also reckoned that since there were contradictions between Chiang and Yan [Yan Xishan], Chiang was unlikely to aid Yan. Thus, we were more sure of winning victory. For this reason, we firmly supported Chairman Mao's proposition of the eastern expedition. At a Political Bureau meeting, he proposed on behalf of Standing Committee members: "The central leaders should take action with the main forces and go to the Red Army." At the same time, he also accepted the opinions of the minority, ensuring that the main forces would not be separated from the Shaanxi-Gansu bases after crossing the river. When necessary, they could withdraw to the western bank of the Huanghe safely.

When I was crossing the Huanghe with Wentian, the troops ahead were already penetrating the enemy's defense line. On the eastern bank of the Huanghe, we could see many blockhouses, just like those we saw in Jiangxi at the time of the "encirclement and suppression." It was said that Yan Xishan spent several million yuan building those blockhouses. But they still could not withstand the Red Army's violent attacks and were soon smashed. At that time, there was a popular song among Red Army soldiers. Some of the words I remember are: "Shanxi's Yan Xishan sits tight in Taiyuan. But he trembles with fear when hearing the sound of alarm. His blockhouses along the river were swept away at one stroke. The traitor was scared out of his wits...." [ellipses as published]

We saw Chairman Mao in a village on the eastern bank. He was in high spirits and was anxious to go to the front. He Zizhen stayed with Wentian and me in a peasant's home. I remember that she brought a smoked chicken with her and made it ready for Chairman Mao. But as Chairman Mao was too busy and did not have time to eat it, she shared half of the chicken with us. It was too tough to eat. We all knew that the Chairman had very good teeth and a good stomach. During the Long March he often had some fried wheat in his pocket. He did not like tender chickens.

During the eastern expedition, Liu Changsheng got several documents from the Seventh Congress of the Comintern. Chairman Mao and Wentian were very glad to see them. In the last 10 days of March, the Political Bureau held a meeting somewhere between Damaijiao, Jiaokou County, and Shilou County, to study those documents and discuss matters concerning the united front and the strategic orientation of the Red Army.

After the meeting, the vanguard troops of the eastern expedition further advanced eastward. They controlled the Datong-Mengyuan Railway and got closer to Taiyuan. Then, Chiang Kai-shek ordered Chen Cheng to lead 10 divisions of troops to Shaanxi to obstruct the further advance of the Red Army to the anti-Japanese front. In order to avoid civil war, we dispatched an open telegram on 5 May urging "stop war, negotiate peace, and unite to resist Japan." We also withdrew the Red Army to the western bank of the Huanghe. At that time,

Chairman Mao summed up the victory of the eastern expedition with the following words: "We have won the battle, aroused the masses, expanded the Red Army, and raised funds and materials."

The eastern expedition aroused a strong response throughout the country. Soong Ching-ling, Lu Xun, and Qin Zhen wrote letters to express their support of the expedition. Underground party organizations in Shanghai also sent representatives to northern Shaanxi. We had longed for a restoration of contacts with underground party organizations in Shanghai. Now it was time to do so. Wentian believed that under the conditions at that time, Feng Xuefeng was the most suitable person to work in Shanghai. He might find out about the situation there through his relations with Lu Xun and others before restoring and rectifying underground party organizations in Shanghai. I remember that before he left for Shanghai, we invited him to a dinner in our cave dwelling. Then Wentian told him: "When you arrive in Shanghai, you should go to see Lu Xun and Mao Dun first. They are reliable." Soon after arriving in Shanghai, Xuefeng set up a transceiver and sent telegrams to northern Shaanxi. At the same time, he established a communications line between Shanghai, Xian, and northern Shaanxi. When Wentian, Enlai, and other leading central comrades talked about Li Yunsheng (assumed name of Feng Xuefeng) and the work in Shanghai, they all felt satisfied.

It was also due to Wentian's nomination that Comrade Shaoqi was appointed the central authorities' representative at the northern bureau. After the Wayaobao meeting, the Political Bureau held a special meeting on 29 December to discuss the work of the northern bureau. Wentian said that the northern Bureau was handling affairs concerning a vast area including Beijing, Tianjin, and Hebei Province. It also had relations with Manchuria, Shanxi, Rehe, and Chahar. These were the places with the sharpest national contradictions. The "December 9 Movement," which shocked the entire nation, had just taken place there. In order to strengthen leadership over the northern bureau, it was necessary to send capable comrades to the bureau. Wentian said that as Comrade Shaoqi had rich experience with workers' movements and underground struggle, he was capable of shouldering this heavy task. Before the meeting was held, he had already discussed the matter with Shaoqi in order to learn what he thought about it. Shaoqi was willing to accept the load. Then, Wentian made a proposal at the meeting, which was endorsed by all the participants. In spring 1936, Comrade Shaoqi, alias Hu Fu, went to Tianjin. Later, he often sent letters and telegrams to Wentian. Having overcome the mistakes of "Leftist" closed-doorism and adventurism, the student movement, underground work, and guerrilla work in North China developed rapidly.

Changing Policy Toward Chiang Kai-shek

"The Wayaobao meeting resolution" had its specific historical characteristics. At that time, under the slogan of "first

put down internal rebellions before resisting foreign aggression," Chiang Kai-shek adopted a policy of compromising with Japan but continuously suppressing the Red Army and the revolutionary bases. Therefore, our party adopted a policy of "resisting Japan and opposing Chiang." With developments in the situation, this policy was readjusted somewhat. I remember that it was after Comrade Pan Hannian's return that this policy was formally changed into "forcing Chiang to resist Japan."

Wentian was familiar with Hannian. They were together in Shanghai in the early 1930's, and Wentian used to call him "Xiaokai." In the central soviet area, Wentian and "Xiaokai" were once director and deputy director of the propaganda department and lived together in a small house. Wentian appreciated his talent highly. After the Zunyi Meeting, "Xiaokai" was sent to Moscow to report on work to the Comintern. This time on a secret mission, he went to Shanghai via Hong Kong and contacted the CPC faction in Nanjing. Now, having come back after carrying out his secret mission, one can imagine how many things we would have to talk about. That was why I asked him to stay in our cave dwelling so that we could have more time to talk. Wentian talked with him the whole night. They discussed matters concerning negotiations with the KMT [Kuomintang] and the second KMT-CPC cooperation. The KMT and the CPC began to make secret contacts in 1936. Both sides secretly discussed concrete conditions for cooperation.

Just a few days after Pan Hannian returned to northern Shaanxi Wentian again called a Political Bureau meeting, which decided, in light of new changes in the situation, to change the policy of "resisting Japan and opposing Chiang" into a policy of "forcing Chiang to resist Japan," and changed the slogan of "people's republic" into "democratic republic." After the meeting, Wentian was busy writing articles all day. He drafted two important documents, namely, "A Letter From the CPC to the KMT," and "Instructions on Forcing Chiang to Resist Japan." Shortly after, in mid-September, an enlarged Political Bureau meeting was held. I also attended the meeting. It adopted the "Resolution on the New Situation of Resisting Japan To Save China and the Democratic Republic," which was also drafted by Wentian. After attending this meeting, "Xiaokai" left Baoan for Nanjing and Shanghai to negotiate with the KMT. He was entrusted with a special mission by the Central Committee.

To save the nation and realize KMT-CPC cooperation, we made great changes to various policies. In the Central Bureau of the Young Communists where I worked, the name of the "Communist Youth League" was also changed according to a decision made by an enlarged Political Bureau meeting in November 1936. We all held that big changes should be made in the organization and nature of the youth league and that the trend of closed-doorism and the second party should be overcome so that it could become an extensive nonparty mass organization for young people. Wentian said that under the new situation and with the new tactics, we did not need the form of the old youth league organization. Both its

organizational form and work style should be changed, and the organization was named as "the Youth Association for Saving the Nation."

In the years of great changes, abolishing the Communist Youth League and replacing it with the Youth Association for Saving the Nation was only a link in changing its organizational form. Tactics were changed in various fields and all fronts. For example, the policy of opposing rich peasants was changed into uniting with rich peasants, redistributing the land of landlords became reducing rent for land and interest on loans, fighting against imperialism was replaced by fighting against Japan, and resisting Japan and opposing Chiang was changed into forcing Chiang to resist Japan and later into uniting with Chiang to resist Japan. Furthermore, the Soviet Area was also abolished and changed into a special region, and the Red Army was reorganized as the National Revolutionary Army. But, one thing remained unchanged, that is, the leadership and the CPC's principle of independence. History proves that the united front was one of the magic weapons for us to defeat the enemy.

After the Xian Incident

The news that Chiang Kai-shek was arrested alive by Zhang [Xueliang] and Yang [Hucheng] on 12 December 1936 was most gratifying to the people of Baoan. At that time, HONGSE ZHONGHUA [RED CHINA] cited numerous evils done by Chiang, saying that he "had opposed the revolution in the past 10 years and betrayed the country in the past five years" and that he was "unable to atone for his crimes even if he died a hundred times." It demanded Chiang be tried publicly.

Wentian did not agree with "bringing Chiang to trial," holding that it was necessary to draw a distinction between Chiang and those "pro-Japanese factions" and "collaborators" so that he could be forced to resist Japan and that the partial anti-Japanese united front in northwest China could be expanded to a nationwide anti-Japanese united front. On 13 December, Wentian presided over an enlarged meeting of the Political Bureau Standing Committee to discuss methods for solving the Xian incident. After the meeting, Comrade Enlai was sent to Xian to handle the matter. On 19 December, Wentian called a Political Bureau meeting to discuss concrete methods for a peaceful solution of the Xian incident. Chairman Mao made a speech at the meeting. Wentian summed up the opinions of the participants and spoke. He pointed out that over the past six days the nature and appearance of the incident had been fully displayed. There were two outcomes from the incident: One was to mobilize the whole nation to resist Japan; the other was to widen the civil war. We should strive for mobilizing the whole nation to resist Japan and adopt a policy of stopping civil war and uniting to resist Japanese aggression. To this end, the incident should be resolved by peaceful means and civil war should be prevented. We should not take a stand of opposing Chiang.

On 20 December, another Political Bureau meeting was held, which discussed the question of how to carry out work in the localities of friendly forces. Wentian reminded the participants that we should not mechanically copy the methods used during the great revolution period, but should fight for the realization of our anti-Japanese program.

After several days of negotiations, Chiang Kai-shek accepted the six conditions we had proposed. Then Zhang Xueliang accompanied him to Nanjing alone. But, Chiang detained Zhang immediately after arriving in Nanjing, which intensified the civil war crisis.

At that time—it was about mid-January 1937—I was sent to Xian to inspect youth work there. I remember that I was in the same truck with Wang Jiaxiang, Li Kenong, and other comrades on the way to Xian. Jiaxiang was going to Moscow via Xian for medical treatment. We were in the driver's cab.

In Xian, we stayed in a guest house managed by Li Kenong, which was called the "six-nation hotel." The comrades stayed in the guest house and cooked meals in turn. A cabbage dish cooked with lard was really delicious to us. Seeing that I was in army uniform and wearing an army cap, Comrade Jia Tuofu told me not to go to the street because Xian was much more complicated than Yanan. He asked his wife, Bai Qian, to give me some clothes to change into. But I still could not take off my cap. There had been lice in my hair since the Long March and we did not have effective medicine to kill them. He Zizhen, Liu Qunxian, and I could not but have our heads shaved. I was still bald when I came to Xian. I was doing my job secretly in Xian. When I wanted to contact student leaders there, a female comrade, Aunt Bai, would help me.

I stayed in Xian for about one week. Suddenly, Wang Li, aide-de-camp of Li Kenong, came to see me and told me secretly: "Comrade Luofu has come." Then he led me to the home of Wang Yizhe's aide-de-camp. Wentian greeted me with a smile. There I learned that Wentian had already discussed work with Enlai and Bogu before sending Wang Li to see me. Wentian was also on a secret trip. At that time, the Nanjing government put forth two schemes for a solution of the problem. Being eager to save Zhang Xueliang, the young officers and soldiers of the Northeast Army were energetically advocating fighting. The problem of peace or war became a pressing matter again.

After staying in Xian for about two days, Comrade Bogu rushed to tell me that it was dangerous for us to stay in Xian because the situation had become very serious there. The young officers and soldiers strongly opposed Wang Yizhe. If we continued to stay there, it would be dangerous. He got a car ready to send us to the Red Army's frontline headquarters at Yunyang.

General Peng gave us a warm reception. He let us stay in a room opposite his own and asked his personal guard to make our room warm with a fire. It was near the end of the Lunar New Year. Around the stove, we enjoyed the New

Year cakes we had brought from Xian. We had not eaten New Year cakes for two years and felt they were especially delicious. The following day, General Peng gave me a novel—*Water*, by Ding Ling. He said that the author had presented him with the book during an interview. But he was not interested in the book and gave it to me.

Another day had passed and Enlai and Bogu also came from Xian. They had a meeting with Wentian and General Peng. They talked throughout the night. Early the next morning, Zhou and Bogu hurried to Xian. The atmosphere was rather tense. What on earth had happened? I did not know anything about it until the first cables about the Xian incident were made public in 1980. It so happened that our party's acceptance of the Nanjing government's first scheme, which aimed at realizing peace between the two parties, was unacceptable to the leftist officers and soldiers of the Northeast Army. They intended to fight the KMT troops without the participation of the Red Army. For this reason, Enlai and Bogu rushed to Yunyang to hold an emergency meeting. The meeting decided that if the friendly army launched an attack, we could not but "fight together with them" and strive for peace while fighting. On the same night, they sent a cable to Chairman Mao and Commander in Chief Zhu De to ask for their instructions. At midnight, Chairman Mao and Zhu De sent a telegram back. They agreed with the policy decision of the front: "Three in one, advance or retreat together."

That happened late on the night of 30 January. But several days later something regrettable happened. The Northeast Army disintegrated and the 17th Route Army was unable to stay in their place. It seemed that the two friendly armies would allow themselves to be trampled on by Chiang and that there was no hope of Zhang Xueliang returning to northern Shaanxi. The great northwest alliance had disintegrated in reality.

Welcome the New Stage

The Xian incident was eventually resolved peacefully. At the beginning of February, we returned to Yanan and set to work immediately for the new stage of fighting against Japan. Wentian drafted the "Message from the CPC Central Committee to the Third KMT National Congress," which put forth conditions for new KMT-CPC cooperation. On 15 February, the Third KMT National Congress accepted our proposal. Then, an anti-Japanese united front was basically established. After that, Comrade Enlai held many negotiations with the KMT representatives and Chiang Kai-shek in Xian, Hangzhou, Lushan, and Nanjing. An agreement was reached after the "7 July Incident" of 1937 at August's national defense conference.

In Yanan, we did a great deal of preparatory work to welcome the new stage of fighting against Japan. What impressed me deeply was the soviet area party representative conference held in May 1937. This was the most important meeting of the party's senior cadres since withdrawing from the central soviet area, which was

attended by more than 200 representatives from the soviet area, the White area, and the Red Army. I also attended the meeting. There I met with many veteran comrades-in-arms. Wentian made the opening speech. He pointed out: "Since the civil war ended, the revolution has come to a new stage. At present, the party's pressing task is to maintain peace in our country, to strive for democratic rights, and to fight against Japan." Chairman Mao delivered a "report" on the current situation and tasks and made a "concluding speech" at the meeting. The two speeches, entitled "Tasks of the Chinese Communist Party" and "Win the Masses in Their Millions for the National Anti-Japanese United Front," were then included in the *Selected Works of Mao Zedong*. After the meeting, a work meeting in the White area was held. Wentian presided over the meeting and Comrade Shaoqi made the "report."

At that time, we lived in a Siheyuan [a compound with houses around a courtyard] at the foot of the Fenhuaishan in Yanan. Our home was the two cave dwellings facing the gate of the Siheyuan. During the meeting, some comrades from the North China Bureau came to our home to discuss the situation with Wentian and lodge their complaints. It seemed that they had many complaints because Comrade Shaoqi had sharply criticized closed-doorism and adventurism in the previous stage and had not fully affirmed the achievements of the comrades of the North China Bureau. Wentian explained the mistakes of closed-doorism and adventurism to them and pointed out that it was entirely necessary to sharply expose and criticize those mistakes. But the central authorities rather than comrades at lower levels would be held responsible for all those mistakes. In his opening speech at the party conference, Wentian said: "We do not deny the fact that over the past 10 years the central authorities have also committed many serious mistakes." Then he pointed out the five main mistakes the Central Committee had committed since the Fourth Plenary Session of the Sixth CPC Central Committee: "We were unable to overcome the evil traditional practice of closed-doorism, which existed for a long time in the White area's mass work; we committed the mistakes of adventurism and conservatism in the military field during the civil war period; we did not recognize and make use of certain changes in class forces after the 18 September Incident; we did not gain a profound understanding of the protracted nature of the Chinese revolution; and we committed certain mistakes in implementing our cadre policy." At that time, Chairman Mao quite appreciated Comrade Shaoqi. Speaking at a meeting, he said Comrade Shaoqi had rich experience in doing mass work and that he was a good doctor for curing the "Leftist" disease in our party. In his speech at the White area work conference, which was entitled "The Central Task for the Party in the White Area," Wentian also expressed his support for Comrade Shaoqi. Of course, at that time Wentian was not aware that the political line adopted by the Fourth Plenary Session of the Sixth CPC Central Committee was

entirely wrong. We made a breakthrough in our understanding only during the Yanan Rectification in 1941.

The two meetings held in Yanan in May and June 1937 were of great significance in the party's history. They summed up the heroic struggles since the Zunyi Meeting, affirmed the changes in the party's political line and tactics, and made important ideological and organizational preparations for the new stage of the nationwide war of resistance against Japan.

More than a month later the Lugouqiao incident took place. After that, a more illustrious chapter of the nationwide war of resistance against Japan was added to the history of the Chinese nation!

Armed Police Force Honors Outstanding Detachments

OW1610094991 Beijing XINHUA Domestic Service
in Chinese 1436 GMT 15 Oct 91

[By correspondent Zhou Guangting (0719 1639 1656) and reporter Li Xunzhou (2621 6064 5797)]

[Excerpts] Beijing, 15 October (XINHUA)—The Headquarters of the Chinese People's Armed Police Force held a commendation meeting today in Beijing to confer honorary titles on 10 detachments that have made outstanding contributions toward grass-roots building. [passage omitted]

Tao Siju, public security minister and first political commissar of the Armed Police Force; Commander Zhou Yushu; and Political Commissar Xu Shouzeng attended the meeting. Xu Shouzeng presided over the meeting. [passage omitted]

In the meeting, Tao Siju called on the broad ranks of officers and men of the Armed Police Force to learn from the advanced units and individuals commended, always bear in mind the Armed Police Force's sacred mission, build competent detachments, struggle to become guards of high standard, and bring fully into play the Armed Police Force's function in defending the party's leadership and the socialist system. He said: The Armed Police Force is one of the major pillars of the people's democratic dictatorship; its fundamental function is to use armed force to suppress the revolts of hostile forces in safeguarding the party's leadership and the socialist system. In order to accomplish the sacred mission entrusted by the party and the people, we must wage utmost efforts to do a good job in grass-roots building and strive to build the vast grass-roots units into a powerful fighting force in safeguarding national security and maintaining social stability.

Commander Zhou Yushu also spoke at the meeting.

Science & Technology**Technological Cooperation Anniversary Marked****Li Peng Inscription Noted**

*OW2410234791 Beijing XINHUA Domestic Service
in Chinese 1008 GMT 24 Oct 91*

[By reporters Li Niangui (2621 1628 6311) and Zhuo Peirong (0587 1014 2837); "All-China Federation of Trade Unions Holds Grand Meeting To Mark 30th Anniversary of the Rise of Technical Cooperation Activities Among Workers and Staff Members; Premier Li Peng and Others Write Congratulatory Inscriptions and Urge That Such Activities Should Make Greater Contributions to Economic Construction"]

[Text] Beijing, 24 Oct (XINHUA)—Today is the 30th anniversary of the rise of technical cooperation activities among China's workers and staff members. The All-China Federation of Trade Unions held a grand meeting at the Great Hall of the People to commend advanced collectives and individuals in technical cooperation, as well as outstanding technological results throughout the country. State Council Premier Li Peng extended his congratulations to the meeting by writing an inscription, calling for efforts "to fully enhance the role of the technical cooperation contingent of workers and staff members so as to make new contributions to economic construction." Song Renqiong, Ni Zhifu, and Song Jian also wrote inscriptions.

Since the rise of technical cooperation activities by workers and staff members in the 1960's, the contingent has gradually become an important force of trade unions in participating in economic construction. The technical cooperation contingent, composed of workers, scientific and technological personnel, and management cadres, uniting the masses of workers and staff members and focusing on the central task of socialist construction, has launched mass technical cooperation activities of various forms, making important contributions in raising the technical level of workers and staff members, in promoting technological progress in enterprises, in speeding up the transformation of scientific and technological achievements, in starting the work of helping the poor through technology, and in improving economic efficiency.

In order to promote further development of technical cooperation activities by workers and staff members, the All-China Federation of Trade Unions today decided to commend 136 nationwide advanced collectives for their technical cooperation among workers and staff members. Those receiving commendations included the Chengjian Technical Cooperation Committee in Beijing; 243 nationwide advanced individuals working for technical cooperation among workers and staff members, including Zhang Chengzhe; and 121 nationwide outstanding technical results in technical cooperation among workers and staff members, including "the plastic

mold for making instrument boards of mini-cars." Certificates of citation were given to 4,495 activists who had participated in technical cooperation among workers and staff members for nearly 30 years. The All-China Federation of Trade Unions called on the 3.2 million members of workers' and staff members' technical cooperation committees throughout the country and other workers and staff members of all nationalities to work conscientiously to make new contributions.

Ding Guangen, Song Renqiong, and Ni Zhifu attended the meeting and presented the awards and citations to the winners.

Speaking at the meeting, Ding Guangen stressed: Technical cooperation activities among workers and staff members constitute a pioneering undertaking of China's working class, the product of the integration between the working class' high sense of being its own master under the socialist system and the communist style of work, and a vivid embodiment of the party's mass line and its wholehearted reliance on the working class. He said: Over the past 30 years, technical cooperation activities among workers and staff members have been launched in various parts of the country. The contingent of technical cooperation, consisting of workers, scientific and technological personnel, and management cadres, carrying forward the noble work styles of carrying out cooperation in unity, taking pleasure in assisting others, helping the poor, working hard, and offering selfless dedicated service, uniting with the masses of workers and staff members, and focusing on the central task of socialist economic construction, have launched extensive mass technical cooperation activities of all forms, making positive contributions to promoting technological progress in enterprises, developing the economy, and propagating advanced ideas. Practice has proved that the masses of activists in technical cooperation are worthy and outstanding representatives of China's working class and that technical cooperation among workers and staff members is an activity of great vitality worthy of its name. In the past, the working class' spirit of being its own master and its inexhaustible creativity, represented and embodied by technical cooperation activities, were our driving force for overcoming difficulties and winning victories. In the days to come, they will still constitute an important force for developing society's productive forces and pushing ahead the socialist modernization drive.

Speaking at the meeting, Ni Zhifu, chairman of the All-China Federation of Trade Unions, expressed the hope that workers' and staff members' technical cooperation committees and the masses of workers and staff members will make suggestions for and devote their efforts to upgrading large and medium-sized enterprises, making this their main objective and focusing on adjusting structures, raising economic results, and launching mass technical cooperation activities of all forms.

Ding Guangen Speaks

OW2610195391 Beijing Central Television Program
One Network in Mandarin 1100 GMT 24 Oct 91

[From the "National News Hookup" program]

[Text] The Chinese Workers' Technical Cooperation Association held a meeting at the Great Hall of the People in Beijing this afternoon to celebrate its 30th founding anniversary. The association is a social organization formed by workers and staff members on a voluntary basis. It is under the leadership of the All-China Federation of Trade Unions, with an aim to promote technical standards.

Over the past 30 years, it has played a major role in developing national economy. During the Seventh Five-Year Plan period, more than 34.3 billion yuan worth of economic results have been created by its organizations at all levels across the country in tackling key technical projects and in promoting new technologies.

The association began its activities in the early 1960's when China suffered from severe natural disasters as well as foreign economic and technical embargoes. At this critical moment, three regular workers in Shenyang, by the names of Wu Jiazhui, Lin Haifeng, and Wu Dayou, initiated the campaign by raising high the banner of relying on our own efforts and working hard for the prosperity of the country. They tried to solve technical problems for enterprises with collective wisdom and force by uniting skillful craftsmen and famous experts in all trades. As a result, many breakthroughs have been made in manufacturing products and in rescuing some unfinished projects. Through dedication and creativity, many victories have been scored.

Now, two of these three founders are no longer with us. However, the association, with its purpose of helping enterprises and the state surmount difficulties, has expanded. It has become a large scientific and technical army with more than 3.2 million members. The association formed its first organization in Shenyang city on 24 October 1961. Since then, more than 68,800 scientific and technical organizations of its kind have been established in 28 provinces, municipalities, and autonomous regions across the country.

Ding Guangen delivered a speech at the meeting. He said: The activities of the Chinese Workers' Technical Cooperation Association are great undertakings of China's working class. Such activities are a socialist product created by the marriage of a sense of responsibility of the working class as the master of the state and a communist work style. They vividly demonstrate the party's mass line and its policy of relying upon the working class wholeheartedly.

Ding Guangen said: The spirit of the working class as the master of the state and their endless creativity—as represented and demonstrated by the activities of the

association—are a motivating force that helped us overcome difficulties and score victories in the past. They will be important in our efforts to develop a socially productive force and promote a socialist modernization drive in the future.

Ni Zhifu, president of the All-China Federation of Trade Unions, expressed his greetings at the meeting, in which 136 advanced collectives including Beijing city's Chinese Workers' Technical Cooperation Association, Zhang Chengze and 242 other advanced individuals, and 121 items of excellent technical results, as well as 4,495 activists who have been members of the association for 30 years, were awarded citations.

Wen Jiabao's Remarks, Activities Reported

Cited on S&T Role

OW2810132091 Beijing XINHUA Domestic Service
in Chinese 0926 GMT 28 Oct 91

[By reporter Tang Hong (0781 5725)]

[Text] Beijing, 28 Oct (XINHUA)—After hearing the views expressed by representatives at a meeting called by the China Association of Science and Technology [date of meeting not mentioned] to discuss economic construction and support by science and technology, Wen Jiabao, alternate member of the CPC Central Committee Secretariat, pointed out: One pressing mission confronting us today is to heighten our awareness, firmly implement the relevant policies, bear firmly in mind that science and technology are the first productive forces, and make earnest efforts to steer economic construction onto the track of depending on scientific and technological progress as well as improving workers' proficiency.

Wen Jiabao said: To achieve this objective, first of all we must fully understand the significance of this strategic decision made by the Central Committee. We are now confronting the challenge of a new scientific and technological revolution. From the economic development of the world during the last two centuries, we can find many examples about backward nations becoming industrialized through the launching of a scientific and technological revolution. To turn this possibility into reality, we must persist in expediting scientific and technological development—the key requirement for economic development—over the next 10 years, 20 years, and even 30 or 50 years. Second, we must deepen reform in order to integrate science and technology with economic construction. One central aspect in deepening reform is to bridge the gap between science and technology and economic construction, and to establish new mechanisms which can facilitate economic and technological development as well as revitalize the economy. We should assess major decisions with a scientific approach. This is a major process to make science and technology serve economic construction. Science and technology must be geared to the needs of its main theater, namely, economic construction. We must continue to intensify

basic research, develop advanced sciences and high technologies, and seize the current opportunity to industrialize certain high technologies and introduce them to traditional industries.

Wen Jiabao pointed out: To achieve real results in steering economic construction toward depending on scientific and technological progress and improving workers' proficiency, we must give full scope to the initiative of scientists and technologists. We should draw up and improve all policies related to science and technology, including those about investment in scientific and technological development projects as well as those about arousing the incentive of scientists and technologists. We must make active efforts to improve the work, study, and living conditions of scientists and technologists. Scientists and technologists should emulate Comrade Qian Xuesen and voluntarily dedicate themselves to our motherland's socialist modernization. Leadership over the management of science and technology must be intensified and improved. While promoting economic and social development, party committees and governments at all levels must act firmly to give first priority to scientific and technological development. Implementing relevant policies, performing practical services, and making earnest efforts to deal with outstanding and key problems should be the pressing tasks of leading authorities at all levels. Leading authorities at all levels must also strive to heighten their political and scientific and technological proficiency. Only when leading cadres have become scientifically and technologically minded, and when they make constant efforts to heighten their awareness of science and technology, can they really steer economic affairs onto the track of depending on science and technology.

Comrades Zhu Guangya, chairman of the China Association of Science and Technology, and Zhao Zongnai, deputy head of the Organization Department of the CPC Central Committee, also addressed the meeting.

At Geological Workers Ceremony

OW2710045691 Beijing XINHUA Domestic Service
in Chinese 1234 GMT 26 Oct 91

[By reporter Zhu Youdi (2612 1635 2769)]

[Text] Beijing, 26 Oct (XINHUA)—On the commemoration day of Comrade Li Siguang's 102 birth anniversary, 15 geological workers who had made outstanding contributions to geological development were awarded the Second Li Siguang Award for Geology and Science.

The Li Siguang Award for Geology and Science is the highest honorary award in the geological industry. Li Siguang was a great patriot, a brilliant scientist, and the chief founder of New China's geological undertakings. The Li Siguang Award on Geology and Science was set up to remember his great contributions to our scientific and geological undertakings, and to encourage geological workers to courageously scale the heights of science and make more contributions to the motherland.

The 15 comrades who received the award, including Wang Wenjie, Li Hongji, Li Chongyou, Deng Qidong, Zheng Mianping, and Zhao Denglin respectively, hail from units such as the Ministry of Geology and Mineral Resources, the Ministry of Metallurgical Industry, the China National Nuclear Corporation, the Chinese Academy of Sciences, the China National Coal Mine Corporation, the State Seismological Bureau, and the China National Petroleum Corporation. Some of the comrades have conducted field work all year round and have made important contributions to geological prospecting. Others made discoveries in scientific research in geology or scored brilliant successes in education. Eight of the recipients of the Li Siguang Geology and Science Award have conducted field work all year round. This fully reflects the importance given to the practice of geological field work.

At the award ceremony today, Zhu Xun, minister of geology and mineral resources, said: Geological work is indispensable preparatory work for basic industries such as those concerning energy and raw and semifinished materials and for basic construction. Successful or futile efforts in geological work significantly affect relevant industries. They also significantly affect the overall situation and the long-term development of the national economy. We must understand the honorable duty shouldered by the great number of intellectuals in the geological industry from a strategic vantage point. We should emulate Comrade Li Siguang and strive to vitalize geological undertakings.

A bronze statue of comrade Li Siguang was unveiled simultaneously today.

Attending today's award ceremony were comrades Wen Jiabao, Qian Weichang, Wang Tao, Zhu Guangya, and Gu Xiulian, as well as revered geologist Professor Wang Jiqing.

Energy Vice Minister on Nuclear Power Plants

HK2910112891 Hong Kong CHING CHI TAO PAO
in Chinese No. 41, 14 Oct 91 p 12

[Text] Shi Dazhen, vice minister of energy resources, disclosed at an academic meeting that China will expedite the construction of nuclear power plants. He said that in order to allow China's nuclear power to really begin development and to develop faster in the Eighth Five-Year Plan period, in the future, key efforts will be made to speed up the first- and second-phase projects of Qingshan Nuclear Power Plant, and enable the 600-megawatt nuclear power generator equipment to be made in China as soon as possible, and, at the same time, to grasp the construction of Daya Bay and Liaoning Nuclear Power Plants, which imported foreign facilities. Under the condition of a construction funds shortage, we must rely on the state's support, while various localities must raise funds. Concerning nuclear power construction and management system, it is necessary to introduce a market economy mechanism for regulation.

Development of Astronautics Industry Reviewed
HK1510020591 Beijing RENMIN RIBAO in Chinese
4 Oct 91 p 5

[Article by Zheng Ping (6774 1627): "Take Our Own Road in Developing Astronautics Undertaking"]

[Text] China's astronautics undertaking now has a glorious 35-year history behind it. The fact that China, which used to be comparatively backward in economy and science and technology, has been capable of building and developing its astronautics undertaking on its own with abundant eyecatching accomplishments can only be viewed as the pride of the Chinese people and China's socialism.

The tremendous accomplishments of China's astronautics undertaking are chiefly due to the correct leadership and cordial concern of the Central Committee, the State Council and revolutionaries of the older generation such as Mao Zedong, Zhou Enlai and Nie Rongzhen, the all-out cooperation of relevant departments at the central level and in localities, and the enthusiastic support of the people nationwide. In particular, the principle of "taking self-reliance as the key, striving for foreign help, and utilizing existing scientific results of capitalist countries," formulated by the Central Committee, has guided China's astronautics undertaking to find a way of its own development.

The Road of Taking Self-Reliance as the Key Is the Only Choice for China's Astronautics Undertaking

With the PRC's founding, it was imperative to build a modern defense to change China's condition of having been bullied for a whole century. It was necessary to possess modern conventional arms as well as modern sophisticated weapons. At that time, China's industrial base and scientific and technological strength were rather weak, and many difficulties were involved in building a sophisticated defense undertaking. However, it was possible for us to amass limited human, material, and financial resources on the strength of the socialist system's advantages to make a breakthrough first in the most important area which could best affect the whole situation. Thus, the Central Committee resolutely made the strategic decision on developing China's missile and rocket technologies.

Obviously, it would be unwise to start everything from scratch and attempt progress through our own exploration when the world's missile and rocket technologies had already developed to a considerably high level. Only by making full use of existing results in science and technology would it be possible to catch up with the pace of world technological development. However, at that time, the West, headed by the United States, adopted a policy of hostility and blockade, and the USSR was the only country which could provide us with help, but in developing sophisticated defense technology, the Soviet leading group adopted a restrictive policy toward China, too. If we had totally relied on them, we would have landed in a position of never-ending backwardness and

dependence. Therefore, Marshal Nie Rongzhen proposed, with approval of the Central Committee, the guiding principle "taking self-reliance as the key, striving for foreign help, and utilizing existing scientific results of capitalist countries" in developing China's missile and rocket technologies. Some 30 years of practice has testified to the complete correctness of this guiding principle.

Taking the Road of Designing on Our Own Through Imitation in Production Was the Specific Embodiment of the Principle of Taking Self-Reliance as the Key

In the early days of the PRC's founding, most technicians had never even seen what a missile was like, with the exception of few experts like Qian Xuesen. Research and development could only be started with producing replicas of Soviet samples. Nevertheless, we had a clear understanding from the very beginning that imitation was just a means, while our purpose was to take the road of designing on our own and independent research and development. That being the case, in turning out replicas, it was necessary to have a good grasp of the blueprint and data, on which recalculation and analysis were conducted to find their grounds, while studying the skill of designing on our own through counter-design [fan she ji 0646 6080 6060] and blazing new trails on the basis of digesting foreign technology. The earnest implementation of this guiding idea enabled many young scientists and technicians to rapidly master the skill of independent design through practice in imitation. Shortly after the USSR abruptly went back on the agreement and pulled out their experts, we were capable of successfully conducting flight test of a replica model and began the phase of our independent design. Since then, China has made rapid progress in the development and production of missiles and rockets.

Bringing Up a Contingent of Scientists and Technicians Who Are Able To Pass the Stiffest Test in Skill and Ideological Style Was the Basic Guarantee for Taking the Road of Self-Reliance

In the early days, when China's astronautics undertaking was at its initial stage, the Central Committee attached great importance to bringing up a contingent of scientists and technicians. Under the Central Committee's direct concern and with all-out support of various relevant departments, we concentrated a number of fine qualified people to organize the contingent of astronautics scientists and technicians in the early phase. They included returned overseas scientists and experts, young intellectuals selected from various institutes of higher education, fine military and political cadres transferred from Army units and technological backbone personnel selected from all industrial departments. They came together with enthusiasm and dedication to the motherland's defense undertaking and shouldered the great responsibility for initiating China's astronautics undertaking. Over the past 30-some years, they have silently dedicated all their intelligence, wisdom, and efforts to the development of China's astronautics undertaking.

Scientists and Technicians Are the Basic Strength To Be Relyed on in Developing Sophisticated Astronautics Technology

Revolutionaries of the older generation, including Zhou Enlai and Nie Rongzhen, repeatedly emphasized the need to trust, rely on, and show concern for intellectuals and give full play to their role. In research and production, a design system and technological production line were founded as a center to take charge of technical problems in research and production. Fine intellectuals were promptly selected and promoted to leading posts at all levels. While trusting them in work and showing concern for them in life, attention was paid to augmenting ideological and political education to guide them onto the road of being red and expert. First, they were helped to establish the idea of cherishing and dedicating their whole life to the astronautics undertaking of the socialist motherland. In work, they were organized to go deep into production practice, and to link themselves with the workers to enrich their theoretical knowledge and improve their ability to resolve practical problems on the one hand and to cultivate their down-to-earth work style and style of establishing ties with the masses on the other. In the practice of scientific research, a whole set of work procedures for scientific research was established, with all items of scientific research carried out strictly according to procedures, which in turn helped cultivate the rigorous and practical work style of every scientist and technician. Precisely because of the implementation of a correct policy toward the intellectuals, while augmenting ideological and political education and scientific administration, a new generation of scientists and technicians who have stood the strictest test in skill and ideological style soon grew up, with the surfacing of a number of advanced models who have dedicated their lives to China's astronautics undertaking, such as Luo Jianfu [5012 0256 1133], Yang Minda [2799 2404 6671] and Huang Weilu [7806 4885 4389]. A large number of senior technological experts have silently worked in the depth of hilly areas for China's astronautics undertaking for tens of years.

Without the support of the Chinese people, the all-out support and cooperation of various localities and departments, the accomplishments of China's astronautics undertaking would have been impossible. Research and development of every model more often than not involves several thousand cooperative items and the participation of scores of ministries, commissions, provinces, municipalities, and autonomous regions, as well as some 1,000 factories, enterprises, research organizations and institutes of higher education. Under the condition of general backwardness, the capability for amassing forces to shape into partial advantages in key areas to tackle technical bottlenecks is precisely the expression of the advantages of the socialist system.

The 35-year practice has testified to the truth that the road of development for China's astronautics undertaking is a correct one to develop sophisticated science and technology to achieve greater, faster, better, and

more economical results and is compatible with China's national conditions. These basic experiences are still of realistic significance today.

To realize its objectives in the Eighth and Ninth Five-Year Plans, China's astronautics industry should ensure the development of applied satellites and applied satellite technology and strive to meet the needs of the economy, science and technology, culture, and national defense. We should improve and perfect the Long March series of carrier rockets to enable them to continuously rank among the world's advanced. It is necessary to track the advanced international level and conduct research in manned space technology.

Further efforts should be made to implement the principle of combining military and civilian products and put more energy into national economic construction to promote the shift of space technology to various sectors of the national economy, readjust the product mix, vigorously develop readily marketable civilian products, and provide better service to the technological transformation of traditional industries and markets.

The astronautical front should be geared to and move toward the world, expand international cooperation and exchanges, develop foreign trade, and expand launching services to foreign countries.

In the contemporary world, space technology develops with each passing day, and China's astronautics undertaking, which is just unfolding, has an unlimited future. Although there are still a lot of difficulties on our road of advance, we firmly believe that with the interest and leadership of the party Central Committee, the State Council, and the Central Military Commission, the vigorous support and coordination of all departments and localities throughout the country, the superior socialist system, and the solid foundation laid by the older generation over the past 35 years, China's astronautics program will certainly attain great development and will make a great contribution to the modernization of the motherland.

More on Achievements, Objectives

HK2310010291 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 9 Oct 91 p 3

[Article by Lin Zongtang (2651 1350 2768), Liu Jiyuan (0491 4764 0626), and Wang Liheng (3769 4409 1854); "China's Astronautics Industry Over 35 Years"]

[Text] In the spring of 1956, the CPC Central Committee, Mao Zedong, Zhou Enlai, and other proletarian revolutionaries of the older generation made a wise policy-decision to establish and develop China's astronautics program. On 8 October of the same year, Marshal Nie Rongzhen, founder of China's astronautics program, announced the official establishment of China's first missile and rocket research institute. Since then, the astronautics industry has embarked on the road of self-reliance and arduously starting the program. Over

the past 35 years, by relying on their own strength, the Chinese people have established and developed an aeronautics program up to world standards, and China has become a world aeronautical power. This has fully demonstrated the aspiration and capability of the Chinese nation to stand in the family of nations.

Glorious Course and Tremendous Achievements

Thanks to the concern and leadership of the party Central Committee, the State Council, and the Central Committee Commission and with the vigorous coordination and support of all departments and localities throughout the country, the vast numbers of scientists, technicians, workers, and cadres on the aeronautical front succeeded in overcoming the numerous difficulties that they faced in the initial period, especially in surmounting the difficulties caused by the foreign technological blockade, and initially set up a space research and production base and a flight experimental base. On the basis of copying foreign models, we quickly shifted toward self-design and took the road of independent research and production.

In the mid-1960's, China made a major breakthrough in liquid rocket technology. On this basis, China started its first space engineering project and started the development of carrier rockets and satellites, scoring major achievements in many space projects.

In April 1970, China successfully launched its first satellite with a Long March 1 rocket; in November 1975 it successfully launched its first reentry-type satellite with a Long March 2 rocket, thus making China the third country with satellite recovery technology.

After the Third Plenary Session of the 11th CPC Central Committee, with major progress having been made in the development and production of various types of satellites, carrier rockets, strategic missiles, and tactical missiles, the development of China's aeronautics industry entered a new historical period. In May 1980, China successfully fired a long-range rocket to a specified area in the Pacific; in September 1981, launched a group of three satellites with one rocket and thus became one of the few countries in the world with the technology to launch many satellites with one rocket; in October 1982, successfully fired carrier rockets from a submerged submarine; in April 1984, successfully launched its first stationary earth telecommunications satellite at a fixed point; in September 1988, successfully launched the Fengyun No. 1 experimental meteorological satellite with a Long March 4 rocket; in April 1990, successfully launched the U.S.-made "Asiasat" telecommunications satellite with a Long March 3 rocket, which marked the entry of China's space technology into the world launch service market; and in July of the same year successfully launched a Long March 2 cluster rocket at one stroke, thus substantially raising the delivery capability of China's carrier rockets in low orbits.

Since 1970, China has successfully launched 32 satellites of different types, two of which were foreign satellites.

The remote sensor satellites, the telecommunications and broadcast satellites, and the meteorological satellites which have been launched into orbit have been applied in national defense and various sectors of the national economy, and have yielded good social benefits and economic returns.

Meanwhile, with the development of many kinds of air defense missiles and antisubmarine missiles one after another, China has initially developed a coordinated weapons system and increased its defensive strength.

The aeronautics industrial front carries out the principle of combining military and civilian products, vigorously develops hi-tech products for civilian use, promotes the shift of space technology to civilian products, and strives to serve national economic construction.

To realize its objectives in the Eighth and Ninth Five-Year Plans, China's aeronautics industry should ensure the development of applied satellites and applied satellite technology and strive to meet the needs of the economy, science and technology, culture, and national defense. We should improve and perfect the Long March series of carrier rockets to enable them to continuously rank among the world's advanced. It is necessary to track the advanced international level and conduct research in manned space technology.

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Military**Chi Haotian Views PLA Training Demonstrations**

*OW2010135291 Beijing XINHUA Domestic Service
in Chinese 0304 GMT 20 Oct 91*

[By correspondent Zhang Yuanhan (1728 0765 7281)
and reporter Tan Daobo (6223 6670 0590)]

[Text] Beijing, 20 Oct (XINHUA)—The People's Liberation Army [PLA] has achieved significant results in improving the quality of the training of units and in strengthening the Army's combat readiness through its regularized training. The new achievements made in our Army's regularized construction work were displayed in a demonstration on regularized artillery training held at a certain location in northern China, and at an on-site demonstration on regularized unit training held recently by a certain division in Henan Province.

After viewing the demonstration on regularized artillery training, Chief of General Staff Chi Haotian fully affirmed the results attained through regularized unit training. He urged all units to strictly conduct training according to the laws and regulations, ensure completion of all training tasks, and enhance the troops' combat effectiveness under modern conditions.

According to relevant departments, the PLA has promulgated a series of laws and regulations in recent years. Under the overall control of an important set of regulations, "the Regulations for Military Training," compilations of and amendments to the new generation training outlines and details for the implementation of rules and regulations for the various armed services are currently underway; some of the rules and regulations have already been implemented. Centering on the implementation of these rules and regulations, the various units have primarily paid attention to two aspects of work: 1) They have upgraded the ability of commanding officers at all levels in terms of their training skills and scientific management of units and in terms of their ability to overcome carelessness and rashness so that they can conduct unit training according to the rules and regulations in a serious manner. 2) Many units implement a responsibility system at every level as well as overall supervision of the tasks, preparation, implementation, and evaluation of training so that the Central Military Commission's series of training rules and regulations can be comprehensively implemented in unit training.

The relevant department said that although it has not been long since training has been conducted in accordance with the rules and regulations, there has been improvement in the quality of training. This is evidenced by: 1) the fact that the "four fulfillments," namely fulfilling the four objectives in terms of personnel, timeliness, training content, and quality, have been met during this year's training of the various experimental units, and that training quality has been improved; 2) units at all levels implemented step-by-step integrated training from simple tasks to complex tasks and from low level tasks to high level tasks, thus,

making further improvement on overall combat effectiveness; 3) the officers and men have improved their discipline and work style under the strict and regularized training. During the demonstrations held in the two locations, the reporters saw that the commanding officers were effective in their commands, that specialized sub-groups of the units were well coordinated and prompt in their responses, and that the entire battle scene was magnificent.

Stresses Command Building

*OW2610051091 Beijing XINHUA Domestic Service
in Chinese 0716 GMT 25 Oct 91*

[By reporter Yi Jianru (2496 0313 1172)]

[Text] Beijing, 25 Oct (XINHUA)—Chi Haotian, member of the Central Military Commission and chief of the General Staff, today spoke at the Beijing Military Region's Command Working Conference. He said that various levels of Army commands should strive to become leading organs that are politically strong, highly professional, solid in their workstyle, highly alert, and highly efficient in command.

Chi Haotian said that the older generation of our party and Army revolutionaries has always attached great importance to Army command building. The new historical period has set a still greater demand on the military work in our Army. The position and role of the Army command also have become more important during the new historical period.

When touching on ways to strengthen the building of Army commands, Chi Haotian stressed that the demands for "political qualification, military skill, excellent workstyle, strict discipline, and effective defense," set by Jiang Zemin, chairman of the Central Military Commission, at the All-Army Military Work Conference, should become central to the Army's future work and the direction to guide Army command work. Historically speaking, our Army's command building work has always been strongly influenced by political building. The nature and purpose of our Army require that all levels of Army commands strive for strong political reliability. Military commands should always give priority to political building and should maintain the same political and ideological levels with the CPC Central Committee and the Central Military Commission under any circumstances. Army commands shall implement the decisions to the letter made by the CPC Central Committee and the Central Military Commission.

Chi Haotian pointed out the need for Army commands to acquire first-rate professional skills to fulfill various tasks. The work of raising professional level has always been the central task of the Army command building. He said we should persist in making staff officers acquire "two sets of skills"—namely, the skills that are needed in time of war and the skills for organizing the training and managing of Army units. He also said staff officers should make themselves adapt to the "two adaptations"—namely, the ability to adapt themselves to the

requirements for organizing and conducting modern warfare and to adapt themselves to the requirements for carrying out military work in peacetime. Army commands should also strive after an excellent workstyle and raise work performance and efficiency in command work. They should also attach great importance to the building of discipline so as to become model Army commands that strictly observe discipline, implement orders, and observe prohibitions.

Experiences on strengthening the building of Army commands and on doing a good job in military training and management were summed up and exchanged at the Beijing Military Region's Command Working Conference. Advanced collectives and individuals were also selected at the meeting.

Training of Reserve Service Units Examined

OW1610150891 Beijing XINHUA Domestic Service
in Chinese 0441 GMT 16 Oct 91

[By reporter Gai Yumin (5556 3768 3787)]

[Text] Beijing, 16 Oct (XINHUA)—The Army's reserve service units have entered a new stage of regularization training and management. Recently, the units' leading cadres assembled for training. They reached a common understanding, clearly understood their task, and were determined to strengthen the development of reserve service units by using the fighting capacity as the criterion. They wanted to meet the demand that reserve service work should be set on a solid basis organizationally; that all reserves should be politically qualified and well trained; and that their outfit should be good; their facilities, perfect; their systems, sound; and their mobilization, quick.

Since the reserve service units were organized, thanks to the common efforts made by the military and local authorities, they have made spectacular achievements. The reserve service divisions and regiments are organizationally sound, and their distribution is basically rational. The quality of the personnel is better, and they are politically pure and reliable. On their training bases, the construction of infrastructures have been basically completed, and most divisions and regiments now have training facilities, offices, and living conditions. They have continuously improved their various regulations and systems, and the construction of the units can be based on them. The training, management, and grass-roots building of the units have attracted attention at all levels, and some experience has been acquired with initial success.

Leading cadres who assembled for training pointed out: Now is the time for us to shift the key work of reserve service units onto regularization training and management. Division and regiment party committees should place training and management work on major meeting agendas, constantly analyze the situation, and study and solve major questions in training and management. Leading cadres of divisions and regiments should devote

their principal energy to grasping training and management, while the Headquarters and Political and Logistics Departments should make close coordination to jointly grasp the task. Materials and equipment allocated by a higher level to a low-level unit must be used for training exclusively, while a training base should do its best to train reserve service units on a first-priority basis.

All leading cadres assembling for training noted: the Central Military Commission's guidelines that it is necessary to develop active service units by using the fighting capacity as the criterion and do well in regularization training and management are also applicable to reserve service units; however, in terms of specific demands and standards, they should be distinguished from active service units. It is necessary to conduct training in accordance with the training program. The number of personnel receiving training must be adequate; the content of training must be complete; the time for training must be long enough; the quality of training must be guaranteed. It is necessary to call for the high standard and strict demands and see to it that the training is done on a solid basis in terms of personnel, time, content, and quality. It is necessary to assemble on bases for training, organize flexibly, conduct training in a scientific way, and guarantee that training is under way in a regular and orderly way. Reserve service units must be strictly managed in a scientific way in accordance with the stipulations of the Army regulations, by taking the characteristics of reserve service units into account, and according to the demand that there should be different levels in regularization.

Leading cadres of reserve service units said: It is necessary to pay great attention to the political construction of reserve service units. It is necessary to organize the leading groups of reserve service divisions and regiments well, strengthen party building organizationally, and strengthen political and ideological education among all officers and men in accordance with the Central Military Commission's demand so as to guarantee reserve service units' consolidated organization, pure ranks, and political integrity.

Article Views Efforts To Improve Naval Training

HK0510013291 Beijing JIEFANGJUN BAO
in Chinese 19 Sep 91 p 2

[By Liu Xingan (0491 5281 1344) and Ren Yanjun (0088 3601 6511); "Magic of the Sea—Noting Yulin Naval Base's Methods of Mobilizing Initiative of Sailor Training"]

[Text] Editor's Note: Efforts to mobilize the initiative of commanders in training soldiers form an important link in seeking to raise the quality of training and ensure a solid implementation of the military training of troops. A satisfactory resolution of this issue will not only require the creation of an excellent external environment in all areas conducive to training but also further reform and improvement of the internal mechanism for training, to

increase the appeal of the training ground itself. The ways adopted by the Yulin Naval Base in this regard should be studied.

A Subject Which Grew Out of Deep Sea Bombing—Training Venue Appeal Not Yet Enhanced

This was a training exercise on real depth charging operations. Shortly after the depth charges fell into the water, loud explosions occurred, violently rocking the naval vessel. A depth charge intended to blow up attacking submarines almost blew up our own side.

An investigation showed that the delivery of the order was not clear, the timing and depth setting of the depth charge inaccurate, the essentials of the operations not properly mastered... Why is it that a simple naval warfare subject should reveal so many defects? Given that the schedules, contents, and personnel involved in these training exercises were carried out to the letter in ordinary times, why are the results so poor? In the course of an investigation into this matter, some sailors poured their hearts out. Real training takes place just once a year while ordinary training is more symbolic than anything else. The movements are simple, monotonous, and dull.

The base leaders acutely realized that the subjects of training have undergone great changes in terms of educational level to interests and likes. Modifying the rather simplistic traditional mode of training and enhancing the appeal of the training venue has thus become an important topic concerning whether or not peacetime military training can be carried out effectively.

Commanders and trainers at all levels in the base and every single naval vessel pondered this topic...

Inspiration From "Damage Control Training"—Attractiveness of Flexible Training

The general program provides that "damage control" training on board ship is a key course. Past training methods merely allowed sailors to run up and down a vessel with a 10 kg wooden stake [muzhuang 2606 2866] on their shoulders, repeatedly setting the stake down at a designated location in a largely symbolic gesture. Today, this training is entirely different. In a "damage area" made up of steel walls as big as a naval cabin, the orders shouted by the trainer are followed by a "resounding explosion" from the steel walls. Huge cracks appear while high-pressure water rushes in. Sailors who jump in to seal the holes have to do so within a stipulated time limit the water will quickly fill the "naval cabin". Even though this training method is difficult, exhausting, and dangerous, it is the closest to the real thing and extremely appealing to the sailors. The number of people taking part in this training exercise doubled in the first half of the year, while the results were incomparable to previous ones.

In order to adapt training exercises to the special characteristics of the training subjects such as their penchant for novelty and their broad interests, the organs at all levels of the naval base organized nearly 100 teaching

courses on special training in the first half of the year. The launching of activities like searching for the best trainers and best teaching methods brought a new and exciting dimension to the training program.

A large number of advanced simulation equipment, like lasers and electronic tools have appeared at the training venue. In the newly constructed 10,000 square meter comprehensive ship training rooms, gunnery, antisubmarine, minelaying, and sonar specialists all carry out their training with advanced electronics and other simulation equipment. In previous gunnery exercises aboard ship, the sailors could only fire into the sky. Today, the simulated guns which they have developed are known as "water cradles" to the gunners because carrying out artillery exercises atop these weapons is accompanied by volatile sea movements. The gunnery targets are clearly displayed on the screen. This has not only increased the difficulty of gunnery exercises but has also added to the excitement.

Building Yet Another "Battlefield"—Treat Contention for Gold Medals as Contention for Tomorrow's Victory or Defeat

At the start of the year's new training program, a conspicuous row of gold medals, citation certificates, and banners from all special fields is displayed in the training site. Battle positions against battle positions, single vessel against single vessel, naval fleet against naval fleet - they have all become rivals in the quest for the mastery of military skills. The celebration held to honor officers and men who have brought special honor to their vessels do not pale beside the festive ceremony held to welcome visiting dignitaries.

The training site is transformed into a recreated "battlefield." With an eye on the objective of struggle, all officers and men have an "accounts book" which records the highest score for the different levels and rankings in their own battle positions, names of the victors and their winning ways, as well as their own achievements.

Organizers link the school ground with the battlefield. When a certain vessel failed to win a single medal at a recent skills contest, the entire crew stood on the deck to listen to the captain howl at them: "In the battlefield, this is called a wipeout!" Having had a glimpse of the likely bloody scenes in the battlefield from their competition grounds, the entire vessel stepped up its training and eventually sweated its way to a host of medals.

Some vessels only displayed their winners' citation certificates and not those indicating their second and third places. Why? The reply is worth pondering: "There is only victory or defeat and life or death on the battlefield. Being number one also means being victorious and alive!" It is for this reason that the officers and men remained dissatisfied with the training scores which were already several times higher than those stipulated in the training manuals.

"You Sing, I Back You Up"—Allowing Soldiers To Display Their Talents in the Training Field

While in training, a sudden brainstorm hit mechanic Fu Jianmin: Using storage batteries to operate the radar generator is both costly and time consuming. Would it be all right to build a transformer?

After learning of this, the leaders went to see little Fu and asked him to elaborate on his ideas, warmly encouraging him to explore the proposal. The spark turned into a flame of creativity. He wasted no time in drawing the designs, while the leaders sent technicians to help him and invested in an experimental model. The transformer was successfully developed, saving several thousand yuan each year and facilitating training exercises.

Many of the little inventions, creations, renovations, and experiences are named after their sailor-founders. The base leaders held: Training teaches the soldiers skills as well as stimulating their creativeness, giving them a venue for a full display of their talents. The training fields thus acquire greater appeal.

"You sing and I will back you up!" Some academic research groups and renovation teams opened their doors to the sailors. The leaders also left it to the sailors to tackle tough issues encountered in the training. The missile vessel is fast and deadly but the problem was: How can the radar capture its target quickly and avoid the other side's electronic jamming? The radar sailors gathered together and came up with several bright ideas. The result was: The radar remained the same but the capability to capture its target quickly rose by 5 times. Just since last year, the sailors have solved more than 40 tough issues.

Sailors Recruited Into Oceangoing Vessels—Value of Training Not Restricted to Warships

"Eighteen years old, 18 years old, I joined the Navy... with this military stint in my life, I shall never have regrets." Last year, 80 sailors about to retire from the base sang this song tearfully as they bid goodbye to the Navy flag. This solemn melody would accompany them as they moved from military vessels to become crew members in an oceangoing liner for a Guangzhou Shipping Line. The "capital" they used to secure these much envied positions came from their naval training.

Even though recruitment for these positions included tests based on standards familiar to sailors, the tests also featured special knowledge, like radar, communications, navigation, machinery, sails, and cables. The sailors who took the tests passed all the theoretical questions, while the results from their practical tests were even more impressive.

"Such a level has to come from two years of training at special maritime schools, to say the least." The recruiters were pleased. They repeatedly increased the recruitment numbers until they finally took on 80 men. After the tests, the recruiters left word: "If there are any other demobilized sailors, we want them."

The base leaders knew that skill learned in the training fields would become priceless wealth to the sailors for the rest of their lives. If the sailors realized this, the training ground would become more attractive to them.

Consequently, the leaders of this base and of subordinate troops seized every opportunity to enlighten the society about the training and skills acquired by the sailors. Every time a sailor gave an outstanding performance either in training tests or competitions, the troops would send wires of congratulations to the sailor's hometown government and family. On the eve of their demobilization from the Navy, the troops would be provided with supplementary training in all special fields in the ship training rooms based on the conventional standards of society and issue certificate attesting to the training courses, so that the value of the training field would be converted into "hard currency" in society. They also take the initiative to make contacts with relevant local departments and make recommendations.

All this has inspired the sailors to work tirelessly at sea.

PLA Units Respond to Grain Saving Campaign

OW2010035591 Beijing Central People's Radio Network in Mandarin 2230 GMT 19 Oct 91

[From the "News and Press Review" program]

[Text] All units under the People's Liberation Army [PLA] have actively responded to the call of the CPC Central Committee and the State Council by launching various types of activities to promote the economical use of grain. The General Political Department and the General Logistics Department issued a joint circular on the eighth of this month asking all Army officers and men to go into action, save every bit of grain, and strive hard to fundamentally achieve the level of grain economization within three years' time required of all Army mess units.

Statistical surveys conducted on 11 major units shows that the units saved 24 million kg grain from January to September, and 148 million kg grain over the years. Unsatisfied with its success of saving only 240,000 kg of grain, a division stationed in Jingnan has explained in great detail to the broad ranks of officers and men stationed there the relation between grain economization and the four modernizations. Many companies have written slogans on scrolls about the publicity week of grain economization, which was jointly printed and distributed by both the Central Propaganda Department and other units, and have posted these scrolls in mess halls and storehouses. It has been urged that companies, battalions, regiments, and divisions implement the system of inspection, comparison, and assessment on a monthly, quarterly, and semiannually basis. A surface-to-air missile brigade of the PLA Air Force has promoted planting and breeding, has effectively run a base for non-staple foodstuffs and service center for daily activities, and has changed itself from a brigade which overuses into one which economizes on grain.

A group army under the Guangzhou Military Region has operated its system so well that it continually improved its achievements in grain economization. All of the military region's affiliated organic [jian zhi] companies have met their annual grain-saving quotas and the accumulated figures on grain saved over the years.

Shandong Establishes Coastal Defense Committee

SK1510044891 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 14 Oct 91

[Text] Along with the constant deepening of reform and opening-up and with the development of the economy, the provincial CPC Committee has recently decided to establish the Shandong Provincial Coastal Defense Committee to strengthen leadership over border coastal defense. The major functions and duties of the provincial coastal defense committee are to study and implement the principles and policies with regard to border coastal defense formulated by the CPC Central Committee, the State Council, and the Central Military Commission; to study and implement the pertinent instructions given by the provincial party committee of the provincial government; to make arrangements for provincial coastal defense; to organize, coordinate, and guide the forces of pertinent departments to safeguard coastal defense and security; to struggle against smuggling, narcotics trafficking, and criminal offenses; to tackle problems with regard to coastal order in a comprehensive way; and to strengthen the Army-police-civilian joint defense work.

On the afternoon of 14 October, the provincial coastal defense committee held its first plenary session. Li Chunling, Standing Committee member of the provincial party committee, vice governor of the province, and vice chairman of the provincial coastal defense committee, presided over the session and made a speech. Li Chunling pointed out: We should fully understand the importance of coastal defense. In the course of grasping economic construction and opening to the outside world, we should firmly embrace the consciousness of state security, and should correctly grasp and handle the relations of reform and opening-up with adherence to the four cardinal principles and the relations between economic development and state security.

He said: The provincial coastal defense committee is the headquarters of the provincial coastal defense and security work, and thus must shoulder the mission entrusted by the provincial party committee, the provincial government, and the Jinan Military Region with a view to constantly achieving new progress in the province's coastal defense and security work and successfully defending our country's Great Wall on the sea.

Han Bangju, special adviser to the provincial government and vice chairman of the provincial coastal defense committee, attended the session.

Economic & Agricultural

Jiang: Agriculture Focus of Eighth CPC Plenum

HK3010040791 Hong Kong WEN WEI PO in Chinese 30 Oct 91 p 2

[“Dispatch” by staff reporter Chen Chien-ping (7115 1696 1627): “Eighth Plenary Session To Mainly Discuss Deepened Rural Reform”]

[Text] Beijing, 29 Oct (WEN WEI PO)—According to an authoritative figure here, deepening rural reform will be an important content of the upcoming Eighth Plenary Session of the 13th CPC Central Committee. The session will deliberate on and promulgate a number of policy measures on deepening rural reform.

The authoritative figure said CPC General Secretary Jiang Zemin recently delivered a speech on rural problems. Jiang Zemin stressed that the whole party must attach importance to rural work. Without comprehensive progress in the rural areas, societal progress as a whole will be impossible; without a comparatively well-off level of the peasants, it will be impossible to attain the comparatively well-off level of the people across the country; without agricultural modernization, there will be no modernization of the entire national economy; and without stability of the rural areas, there will be no nationwide stability.

Jiang Zemin said rural work had developed in the 1980's by relying on policies, science and technology, and investment. Jiang said the deepening of rural reform can be effected as follows: Continue to stabilize the responsibility system based on household contracts, improve and perfect the management system in which unified management is combined with separate management, vigorously develop a socialized service system, and gradually strengthen the collective economic sector.

It is particularly necessary to emphasize the responsibility system focused on household contracts, Jiang Zemin said. We should reassure the peasants. To maintain and increase the vitality of this basic system, it is necessary to improve and perfect the socialized service system and strengthen the collective economic sector.

The authoritative figure disclosed that Jiang Zemin's speech also involved education in socialist ideas in the rural areas. The ongoing education in socialist ideas in the rural areas is different from the socialist education conducted during the 1960's, Jiang said. Under the guidance of the correct line, the current education is self-education conducted among cadres and the masses in the rural areas. At the same time, this education will be integrated with the settlement of practical problems.

Commentator on Implementing Enterprises Decision

HK2910144391 Beijing RENMIN RIBAO in Chinese
28 Oct 91 p 1

[Commentator's article: "Take Action Once Decision Is Made; Strive To Perform Action Well"]

[Text] The central work conference mainly studied the issue of how to improve large and medium-sized state-owned enterprises, and emphasized that "what has been decided must be actually put into practice and what has been carried out must achieve good results." Leading cadres at all levels must attach great importance to this work, and work conscientiously to ensure the actual implementation of the spirit of the central work conference.

In view of the fact that some large and medium-sized state-owned enterprises lacked dynamism and operated with poor efficiency, the central work conference set forth the guideline for the present economic work: Further advancing reform and opening up, shifting the focus of economic work to adjusting the structure and enhancing efficiency on the basis of consolidating the achievements of economic rectification and improvement and continuing to keep the basic balance between gross supply and gross demand, and striving for obvious improvements in the economic results of the large and medium-sized state-owned enterprises. At the same time, the conference also formulated 12 measures for creating good external conditions for the improvement of the large and medium-sized state-owned enterprises, and set forth the eight points that must be properly handled in order to base the enterprises' operation mainly on their own strength. All of them are of great importance for actually doing a good job in improving the large and medium-sized state-owned enterprises. At present, both the general orientation and the concrete work steps have all been decided and made clear. So government departments at all levels and enterprises must not have any hesitation in taking action, and must not spend valuable time on arguing about things on which conclusions have been reached; instead, they should concentrate on implementing the measures that have been worked out.

In order to properly carry out the central decision, we must have a down-to-earth style of work and must work creatively. The party's general principles and concrete policies for economic development are the outcome of the combination of Marxist theory with the practice of socialist construction in our country. Marked results have been achieved in the course of reform and opening up over the past 10 years and more. People should make great efforts to seek a proper way to integrate the central policies with the specific conditions of their own localities and enterprises in the course of work practice. The party's policies are all formulated in light of the general conditions no matter how good they are. People will still be required to rack their brains and work out good methods to solve the specific problems in various enterprises and to make solid advances step by step through

combining the policies and measures with their actual conditions. The central work conference pointed out that it is necessary to gradually turn the enterprises into socialist commodity producers and dealers that can operate independently and bear sole responsibility for their own profits and losses. This thus sets forth a new task and a higher objective for every state-owned enterprise, and also provides a vast field for people with an enterprising spirit to display their ability and accomplish something they hope for. In such a situation, it is more necessary to create an atmosphere of being courageous in making innovations and breaking new ground in people's work for the party and the people. One's work performance and achievements should be assessed according to whether the dynamism and efficiency of the enterprises have really been boosted. In this regard, empty talk will get nowhere, nor will the conservative manner of staying in a rut help. Only by assuming a realistic and courageous attitude and striving to make progress can one succeed in improving the enterprises.

To a large degree, work achievements are contingent on the mentality of the responsible people. Our cadres, especially leading cadres, should carry forward the spirit of working hard and fearing no difficulties, should direct their eyes downward to reality, and should cultivate the work style of studying assiduously and constantly seeking what is better. They must not shirk responsibility in their work and must not try to dodge contradictions and only lay the blame on objective factors when there are problems. Such a mentality is far different from the style of a communist. We hope that in the course of improving large and medium-sized state-owned enterprises and settling a series of complicated problems, we will also substantially improve the work style of our cadres.

Put into practice what has been decided and strive to achieve the best results in the course of implementing the measures decided on. This is not only a requirement for our economic work, but also a requirement for our work in other fields. At present, a great deal of work has to be done on various fronts and in various fields. The party's principles and policies in all aspects also need to be carried out in the future. We should guard against the erroneous tendency of ignoring and defying directives and bans laid down by the upper authorities, and should also guard against the erroneous tendency of mechanically copying and conveying the documents issued by the upper authorities without making earnest efforts to settle actual problems and really putting the party central leadership's principles and policies into practice. Only thus can we continuously make new progress in our work in all fields.

'Remarkable Progress' in Price Reform Reported

OW3010081091 Beijing XINHUA in English
0752 GMT 30 Oct 91

[Text] Beijing, October 30 (XINHUA)—China has made remarkable progress in price reform in the past 12 years

and will carry out the restructuring steadily in the Eighth Five-Year Plan period (1991-1995) based on experience gained in the past.

These remarks were made by Luo Zhiling, director of the State Administration of Commodity Prices, in an article carried in today's "PEOPLE'S DAILY" [RENMIN RIBAO].

According to Luo, the 12-year-old price restructuring has brought about profound changes in the country's price structure, playing an active role in perfecting the industrial structure and economic revival.

Prices of agricultural and basic industrial goods had long been unreasonably low, he said. But now things have changed. For instance, purchasing prices for farming and sideline products in 1990 saw a 174 percent rise compared with the figures in 1978.

Prices of all goods used to be solely set by the state, without consideration for market forces, which distorted production for a long period.

The official said that in the past few years the state has tried to loosen control over prices by introducing a market mechanism, and at present only 29.7 percent of goods have their prices decided by the state.

The reform has also made most Chinese abandon their old stubborn concepts about prices, Luo said.

In the past 12 years China has initially formed a complete network of administration over commodity prices across the country.

Summing up the past experiences, the official remarked that the general purpose of the ongoing price reform is to promote the development of the social productive forces.

The official said that the principle of the reform is to revitalize the economy while keeping prices stable, while the general policy is to combine state planning and market regulation.

The reform must take into consideration the interests of the state, enterprises and individuals. Meanwhile, as the reform is part of the entire economic restructuring of the country, it should be coordinated with reforms implemented in other economic sectors, the official stressed.

He called for strengthening the administrations of prices which should become the country's sole authority supervising and controlling prices. [sentence as received]

During the Eighth Five-Year Plan period, China should try to achieve relative price stability by keeping a balance between general demand and general supply, as well as making the price structure more reasonable, Luo noted.

Market forces should play a bigger role in setting prices, while the scope of state-set prices should be limited to a few important products that are related to national economy and people's basic needs as well as labor prices.

Zhu Rongji Makes Inspection of Jiangxi, Anhui

*OW2910061591 Beijing XINHUA Domestic Service
in Chinese 1448 GMT 28 Oct 91*

[By JIANGXI RIBAO reporter Chen Xiaoyun (7115 2556 0061) and XINHUA reporter Yang Jian (2799 0256)]

[Text] Nanchang, 28 Oct (XINHUA)—In order to seriously implement the guidelines of the central work conference, it is essential to truly shift the focus of economic work to adjusting structure and raising economic results. At present, we should strengthen management and unified planning for various trades, stop repeated setting up of processing industries, and organize association of enterprises. This was stressed repeatedly by Zhu Rongji, vice premier of the State Council, when he inspected Jiangxi Province.

Accompanied by Mao Ziyong, secretary of the Jiangxi provincial party committee, and Governor Wu Guanzheng, Zhu Rongji inspected Nanchang, Jiujiang and Jinggangshan from 16 to 22 October. While inspecting "Jiangling" Automobile Company in Nanchang, Zhu Rongji pointed out: There are now scores of plants in the country which produce compact cars, of which nine plants are producing Isuzu type cars. Their scale of production is quite small but they are all expanding blindly and establishing systems of their own. They are not under macro-control and have low microeconomic returns. He called on the China National Automotive Industry Corporation to strengthen control, organize interprovincial groups, formulate unified planning, and establish an economically efficient production system for automobile parts based on the principle of cooperation along specialized lines.

When inspecting Jiujiang city and Jinggangshan city, Zhu Rongji fully affirmed Jiangxi's implementation of the policy of taking agriculture as the foundation and success in restructuring agricultural production. While reaping a bumper harvest in grain production, the province also reaped a good harvest of cotton through the expansion of acreage sown to cotton. The province has made good progress in afforestation and has also promoted the production of oil-bearing crops and fruits. In addition, the province has developed cocoon production. All these have played an important role in promoting Jiangxi's industrial development and market prosperity.

Zhu Rongji also pointed out: Jiangxi is far-sighted in adopting flexible measures to improve the environment of state-owned large and medium-sized enterprises and enable them to strengthen their ability in self-improvement and development. He praised Jiangxi's achievements in clearing "debt chains" and curtailing the production of overstocked goods, and in closing or suspending the operation of enterprises which suffer losses, or having them merged with others or switched over to other product lines.

During his inspection tour in Jiangxi, Zhu Rongji visited the "1 August" Memorial Hall for the Nanchang

Uprising, the former residence of Chairman Mao and other proletarian revolutionaries of the older generation in Jinggangshan, and the Beishan Cemetery of Revolutionary Martyrs.

Zhang Yanning, deputy director of the Production Office of the State Council, accompanied Zhu Rongji in the inspection tour.

During his inspection tour in Anhui, Vice Premier Zhu Rongji pointed out: Anhui has rapidly restored production after suffering from particularly serious flood and water-logging disasters. The victims of natural disasters all have sufficient grain for consumption and the work of preventing epidemics and rebuilding houses is making good progress. These achievements have vividly demonstrated the superiority of the socialist system and great success of the policy of reform and opening to the outside world.

Accompanied by Lu Rongjing, secretary of the Anhui provincial party committee, and Governor Fu Xishou, Zhu Rongji inspected Bengbu and Hefei cities and Chaohu and Chuxian prefectures from 24 to 26 October.

When inspecting villages which were hit by natural disasters, Zhu Rongji said: In spite of the great achievements in fighting against natural disasters and relief work and in rehabilitation, the Anhui provincial party committee and the provincial government have not slackened their efforts, and have adopted effective measures to ensure that no one will starve or freeze as required by the party Central Committee and the State Council, that there is no serious epidemic, and that people will not leave the province for other localities in large numbers. He held that from now on it is imperative to grasp the construction of water conservancy projects because it is an important measure to ensure success in harnessing the Huai He, avoid the outflow of victims of natural disasters, speed up market recovery and promote economic development in the province.

Zhu Rongji expressed his approval for Anhui's giving full play to its advantage in speeding up the development of resource type industries, the rational development of the processing industry, and paying attention to communications, transport and other capital construction. He offered some specific suggestions on how to strengthen macro-control and unified planning, stop the repeated setting up of processing enterprises, give full play to Anhui's natural resources and advantages in science and technology, and establish an economic system with its own characteristics.

On Resolving Enterprises' Flaws

HK2910045091 Hong Kong CHING CHI TAO PAO
in Chinese No. 42, 21 Oct 91 p 15

[“China economic news” article: “Zhu Rongji Stresses Resolution of Enterprises’ Internal Flaws”]

[Text] State Council Vice Premier Zhu Rongji pointed out during a recent inspection trip that there are complicated reasons for enterprises facing difficulties at present, that there are objective as well as subjective reasons, and internal as well as external reasons. However, the mass media always talks about the external reasons, which to them are serious, and they have neglected analysis of the internal reasons. At present, enterprise management has indeed improved in terms of organization and means, but labor discipline and order are not as good as in the 1950's and 1960's. Now is the time to stress the internal reasons. Real entrepreneurs must look inward and should not talk only about objectivity or about how the state should reduce taxes for enterprises and let enterprises retain profits, and push the difficulties to the state. If enterprises do that, what taxes can the state reduce and what profits can the state give? The state is already in a very difficult situation.

The major issue now is that many enterprises still have great potential. So long as they strengthen internal management, they can quickly increase returns.

Commerce Minister Hu Ping Inspects Guangdong

HK2810103491 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 24 Oct 91

[Text] Commerce Minister Hu Ping made a 10-day inspection tour of Guangdong, starting 13 October.

During his inspection, he went to cities such as Guangzhou, Foshan, Zhongshan, Tongguan, Zhuhai, and Qingyuan, and inspected more than 40 state-owned stores, companies, and industrial enterprises run by Guangdong's commercial departments. He also held informal discussions with managers of some state-run large- and medium-sized wholesale enterprises.

Minister Hu Ping fully reaffirmed the results achieved by Guangdong's commercial departments since reform and opening up. He said to this reporter joyfully:

[Begin Hu recording] We have inspected the Zhujiang Delta as well as Qingyuan Prefecture. I obtained the general impression that Guangdong's reform in circulation has greatly contributed to the state, and the circulation contingent has also been tempered. Viewing circulation as a whole, Guangdong Province is marching in the van of other provinces. Through practice and implementing the central authorities' policies, Guangdong has created a lot of experience, thus taking the lead among other provinces. Guangdong's achievements can be analyzed from the following four angles:

1. The socialization of circulation has been greatly pushed forward. You see, the regional blockage has already been smashed;
2. From the angle of market, the level of introducing market mechanism has been increased constantly;

3. The trend of forming commercial groups [words indistinct] The pure commercial pattern has been broken with, and a new pattern has already taken shape; and

4. Modernization. Our commercial network's modernization level [words indistinct] and enterprises run by commercial departments has been greatly enhanced.

From the aforementioned four aspects, one can see the supply and marketing of Guangdong's commercial sectors are developing from a traditional commodity economy to a planned commodity economy. In the face of competition, we can hold our ground, carry out production, attain development, and consolidate ourselves. [end recording]

Vice Minister Lauds South Korean Economic Model

HK2810063191 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0809 GMT 26 Oct 91

[Text] Beijing, 26 Oct (ZHONGGUO TONGXUN SHE)—Gao Shangquan, vice minister of China's State Commission for Economic Restructuring, recently openly praised South Korea for its successful planned economy.

While speaking to a recent national economic seminar, he said that some countries are not socialist in nature, but their planned economies are rather successful. South Korea is one example. In the United States, there is a "planned economy commission" in New Jersey, and it is also conducting a planned economy.

Due to the North Korea factor, China's relations with South Korea are always very delicate. Open praise for South Korea's economy, as Gao Shangquan has done, has rarely been heard from Chinese leaders and senior officials.

Gao Shangquan said: Socialism is not equal to a planned economy, nor is capitalism equal to a market economy. It is wrong to think that conducting a planned economy is the same as practicing socialism. It is also wrong to think that it does not matter if planning errors waste several billion yuan, but that any bit of market regulation must be regarded as capitalism. The key to distinguishing socialism from capitalism lies in the ownership system underlying the planned economy or the market economy, that is, we should see whether there is public ownership or private ownership.

Gao Shangquan emphatically pointed out: Now, the CPC central leadership requires that planning and the market should be used as a means to regulate the economy. This represents a major breakthrough. Thus, we can boldly make explorations on this issue and ensure that economic reform in the 1990's will constantly advance with a socialist orientation and will also promote the development of the productive forces.

Foreign Economic Relations 'Increasingly Active'

HK2410115891 Beijing RENMIN RIBAO in Chinese 22 Oct 91 p 1

[Report: "China's Foreign Economic Relations Increasingly Active"]

[Text] Beijing, 21 Oct (RENMIN RIBAO)—Along with political, economic, and social stability and the improvement of investment environment, our country's economic relations with the outside world have become increasingly active.

According to the statistics provided by the customs department, in the first three quarters of this year, our country's total export value reached \$49.5 billion, a 19.5 percent increase; total import value amounted to \$43.3 billion, an 18.5 percent increase. From January to August, the signed contracts on use of foreign capital involved \$11.313 billion, and the actual amount of foreign capital being used was \$7.119 billion, a 55.1 percent and 11.4 percent increase respectively over the same period last year. The proportion of direct investment by foreign businessmen markedly increased.

International tourism has been prosperous this year, and our country has received the largest number of tourists and earned the largest amount of foreign exchange through tourism in history.

More Electronics Related Imports Planned

OW2310123091 Beijing XINHUA in English 1216 GMT 23 Oct 91

[Text] Beijing, October 23 (XINHUA)—China is expecting to import more electronic technology and equipment, though its exports exceeded imports at an international electronics fair which closed here Monday.

An executive from the China National Electronics Import and Export Corporation (CEIEC) said today that Chinese companies represented at the fair agreed to export electronic items worth 30 million U.S. dollars while importing 10 million U.S. dollars-worth at the five-day fair.

Xue Tingting, who was in charge of the fair, said that these figures are high.

Ouyang Zhongmou, general manager of CEIEC, China's main electronics trader, said that exports by his corporation have been increasing by 100 million U.S. dollars a year, thanks to the development of the domestic electronic industry.

China's electronics output reached 57.6 billion yuan-worth during the January-August period this year, according to official sources.

However, he stressed, "there is still a great gap between China and the advanced countries in the electronics field, especially as regards high-tech products. China still needs to import large amounts of equipment."

CEIEC imports 400 million U.S. dollars-worth of electronic items, on average, every year. It has signed contracts to import electronic items worth 620 million U.S. dollars in the past nine months, a 56.6 percent increase over the same period of last year.

Special Economic Zones Show Marked Growth

HK1810145391 Hong Kong ZHONGGUO TONGXUN SHE in English 1043 GMT 18 Oct 91

[Text] Beijing, October 18 (HKCNA)—The establishment of special economic zones [SEZ's] is an important policy of the Mainland in opening itself to the outside world as well as a special channel to absorb foreign investment and technology and enter the international market. The five special economic zones set up in Shenzhen, Zhuhai, Shantou, Xiamen and Hainan have developed in the past decade from an early stage into maturity, swiftly moving towards higher level production with better economic results. Growth in economic strength and the upgrading of the living standard in the SEZs have ranked them first in the country in recent years.

The five SEZs absorbed a great input of manpower, materials and funds at an early state so as to improve the investment environment. The construction of a number of infrastructures including water supply, electricity supply, communications and transportation, as well as proper administration in accordance with the law and the implementation of preferential policies, have created a sound investment environment attracting a great amount of foreign investment. The five SEZs have so far some 4,000 three types of foreign-funded enterprises with 9,000 investment items signed. The actual utilization of foreign funds was valued at over U.S.\$5.3 billion, accounting for nearly 30 percent of the total which was actually used across the country. As these investments were mostly applied to the production of new high-tech and sophisticated export-oriented products, the economic results were thus considerably great. The output value of foreign-invested enterprises in the SEZs made up more than 60 percent of the total within the SEZs, with a proportion of 69.3 percent being in the Shenzhen Special Economic Zone.

The application of science and technology has been an important factor in the development of the SEZs which formed an export-oriented economic structure with industry as its core and the integration of industry and trade through the use of foreign investment and reliance on advanced science and technology. Productivity saw rapid development with an average annual growth of over 30 percent and an average annual gain of more than 30 percent in fiscal revenue. The Shenzhen Special Economic Zone has since 1986 introduced 700 items of advanced technology, boasting 33 kinds of industry including electronics, machinery, textiles and light industry. The Shenzhen SEZ put emphasis on the commercialization of scientific and technological achievements. The productive value of a full-time worker in the Shenzhen SEZ rose to RMB [renminbi] 71,500 in 1990

from RMB 8,190 in 1979 and the proportion of contribution to industrial growth made by advanced science and technology was 30 percent. With economic development in the SEZs and the consequent improvement in living standards, average annual wage income for staff and workers in the SEZs rose to the present RMB 5,000 from RMB 550 at the early stage.

The gross export value of the five SEZs which are regarded as rising export bases in the Mainland was over U.S.\$4.6 billion last year, making up nearly ten percent of total exports nationwide in the same year. The export value amounted to U.S.\$3.4 billion over the first half of this year, accounting for over 12 percent of the total across the country. More than 60 percent of industrial products in the SEZs are exported and cover a range of 900 items. Nearly 100 export-oriented enterprises which earned foreign exchange of over U.S.\$10 million each through exports emerged in the SEZs.

The SEZs have gained valuable experience in the development of export-oriented agriculture. The Shantou Special Economic Zone set up processing production lines to process toasted eel, canned fruits, frozen prawns and vegetables, making great progress in the industrialization of agriculture.

Monetary, Banking System Reform Progress Viewed

HK2110112491 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 9 Oct 91 p 3

[Article by Xiu Peisheng (0208 1014 3932), Ye Wei (0673 0808), and Zheng Shuiquan (6774 3055 3123): "Profound Changes in the Banking System"]

[Text] Profound changes have taken place in China's banking system since banking reform started in 1979. These profound changes have occurred in the money market, its structure and management system, as well as in people's concepts about banking.

A multitier, multistructural banking system has been established under the central bank's leadership with professional banks as the principal body. Before reform, China practiced a single banking system; there was basically only one bank in the country, namely, the People's Bank of China, which issued banknotes and also undertook all banking business. Economic development necessitated reform.

In July 1982, the People's Bank of China became a State Council-led organization exercising nationwide management over the country's banking business. It became the state central bank, exercising all kinds of regulatory methods including comprehensive loans, monetary policy, foreign exchange management, interest and exchange rates, and reserve funds. This helped strengthen its macroeconomic management. In the meantime, other banks were restored or set up, including the Industrial and Commercial Bank, responsible for urban banking business; the Agricultural Bank, responsible for rural banking business; the Bank of China,

responsible for foreign exchange; the Construction Bank, responsible for long-term investments and loans; and the Investment Bank, responsible for transferring World Bank loans. In addition, companies were founded, including the International Trust and Investment Corporation, as well as trust and investment companies, leasing companies, and financial companies in different localities. Branches of the Bank of Communications were restored in the country. Over the last few years, the central bank has improved and developed its management system, established a credit system, and enhanced its macroeconomic regulatory ability.

The money market has taken on an initial scale and is developing toward a certain scale of omnidirectional diversification. Following the development of economic forms and the expansion of lateral economic integration, the contradiction between the money supply and demand is becoming prominent, and the Chinese money market is growing step by step. The money market in China includes interbank loans, commercial discount bills, bonds, stocks, and foreign exchange.

Interbank loans are practiced in all provinces and cities throughout the country except Tibet. By the end of 1990, interbank loans in various localities amounted to 227.2 billion yuan, and commercial discount bills and rediscount bills have been popularized throughout the country since their trial implementation in the early 1980's. Commercial discount bills amounted to 20 billion yuan by the end of 1990. In 1981, China started to issue state treasury bonds, state construction bonds, financial bonds, special state bonds, preserved value bonds, key enterprise bonds, and bank bonds. In April 1988, seven cities, including Shanghai and Shenyang, began to introduce the transfer of state treasury bonds on a trial basis; this was then popularized to other cities. By the end of 1990, all kinds of bonds, including state bonds, state investment companies' bonds, financial bonds, and enterprises' bonds, totaled 175.7 billion yuan, and bond transactions amounted to 13.58 billion yuan.

The stock market has gradually developed since its establishment in 1986. With its rapid development in 1990, there are now 51 securities companies approved by the People's Bank of China and some 300 stock exchange offices. In particular, stock exchange centers have been set up in Shanghai and Shenzhen. By the end of 1990, shareholding enterprises in different localities had issued all kinds of shares totaling 4.6 billion yuan and stock transactions grew, amounting to 1.8 billion yuan last year. Moreover, transactions in the regulated foreign exchange market have also increased. So far regulated foreign exchange markets have been set up in more than 90 cities throughout the country. By the end of 1990, foreign exchange regulated through these markets amounted to 27.99 billion yuan. Following the money market's development, its management is taking on a scientific and regular nature. The state has also announced rules and regulations to guide its development. Recently, the People's Bank of China set up a

nationwide money market exchange information system and established the China Securities Business Association in Beijing.

China will make gradual progress in reforming its banking system following the development of its economy, reform, and opening up. To accurately bring the role of banks into play and deepen banking system reform, monetary system reform during the Eighth Five-Year Plan will be aimed at stabilizing money and developing the economy. In accordance with the demands of developing a planned socialist commodity economy, it is necessary to bring out the role of banking in integrating the planned economy with market regulation to improve and strengthen macroregulation of the monetary system and turn banking into an effective means of macroregulation for the state and an effective lever for economic development and technical innovation.

Official Comments on Establishing Conglomerates

HK2610075891 Beijing CHINA DAILY in English
26 Oct 91 p 1

[By staff reporter Xie Liangjun: "Focus Is on Conglomerates To Boost the Economy"]

[Text] The Chinese Government has decided to start establishing large enterprise groups or conglomerates in such fields as transportation, energy, raw materials and manufacturing in a bid to improve these sector's economic performance, officials said yesterday.

But economists and government officials expect some obstacles on the way to the eventual formation of the large enterprise groups.

Lu Pu, an official with the State Commission for Restructuring the Economy, said that China was to set up 100 large enterprise groups over the next few years, adding that 55 have been set up so far.

Government departments can recommend leading enterprises in their own industries to the State Planning Commission and the State Commission for Restructuring the Economy, which will then consider formation possibilities.

Lu said that at present, the government is paying more attention to improving established conglomerates rather than organizing new ones.

Enterprise groups, or mother-and-son-type companies, are believed to bring grassroots factories' enthusiasm into full play in industrial production, while simplifying enterprise management.

Lu said that under such an enterprise group, a mother company would be responsible for outlining overall investment programmes, medium-size firms would concentrate on developing new products and subsidiary concerns would focus on production.

"Through regulating and controlling these large groups, the government can be more powerful and effective in guiding economic operations of a large number of medium-size and small enterprises," said Lu, who is in charge of organizing enterprise groups.

However, Lu pointed out that local and industry protectionism brought on by China's current economic structure and unclear legal protection has created many hurdles for the organization and operation of large enterprise groups.

"Difficulties are likely to be great," he said.

The establishment of such enterprise groups is likely to need the government's administrative interference because the country's business environment is still undeveloped," Lu noted.

The government hasn't yet made it clear what relations should be between the government and these enterprise groups, nor what preferential treatment should be offered.

On the other hand, he said, no laws or regulations give the relationship between a conglomerate and its subsidiaries legal status.

China, deeming the development of enterprise groups as "a strategic undertaking in this decade," now has 905 enterprise groups. Each group has a number of enterprises with an economically strong umbrella firm serving as the legal representative of the group.

The birth of such groups is aimed at promoting the readjustment, optimizing the structure of enterprises, enhancing the level of technical specialization and improving competitiveness in the international market.

Premier Li Peng said last month that China would continue its efforts to experiment with erecting large enterprise groups.

"But they must not become administrative groups," he said.

Daily Reports Oil Exploitation in Xinjiang

HK2910053391 Beijing RENMIN RIBAO in Chinese
18 Oct 91 p 1

[Dispatch by reporters Zeng Kun (2582 0981) and Qian Jiang (6929 3068): "Exploitation of Oil and Gas Stepped Up in Three Major Basins in Xinjiang"]

[Text] Urumqi, 17 Oct (RENMIN RIBAO)—Just as when Daqing Oil Field was being exploited in those years, a massive-scale campaign of oil exploitation is repeated in the three major basins in Xinjiang today.

What is different from the exploitation of Daqing Oil Field in its initial stage is that this is a modern high-technology and high-grade oil exploitation campaign. All over the sites of the campaign in Tarim, Junggar, and Turpan-Hami basins is a forest of derricks. The "compounds" formed with modern lodging vans, cooking vans, and communications cars are full of life; various

modern oil transport vehicles and special cars are running through the vital communication lines in endless streams. In northern and southern Tarim Pendi, the 25,000 well-equipped members of the Ministry of Geology and Mineral Resources and China National Petroleum and Natural Gas Corporation are fighting hard. The southeastern edge and hinterland of Junggar Pendi have become a main battlefield for the 15,000 top-notch workers from Karamay Oil Field. In the Turpan-Hami Pendi at the foot of Huoyan Shan are gathered 16,000 workers from petroleum administration bureaus and petroleum prospecting bureaus of Yumen, Huabei, and Changqing, making strenuous efforts to build first-rate big oil fields in the country. Besides, the construction of a large petrochemical project, with an annual output of 140,000 metric tons of ethylene, has started. The three basins, with a total area of 740,000 square km, have become the sites of oil prospecting and exploitation bubbling with activity.

So far, nine high-yield oil and gas pools have been found in Tarim Pendi, namely, Yakela, Akekule, Luntai, Lunnan, Sangtamu, Aixieke, Donghetang, Jilake, and Tazhong. A batch of geological petroleum deposits have been controlled and verified, which lays a solid foundation for building a crude oil base with an annual production capacity of 5 million metric tons in Tarim Pendi during the period of the Eighth Five-Year Plan.

In Junggar Pendi, the old Karamay Oil Field is now "recovering its youthful vigor." Last year, the total output of crude oil reached 6.82 million metric tons, leaping into the fourth place among all the oil fields in the country. In recent years, the Huoshao Shan Oil Field was developed in the eastern part of the basin. Not long ago, high-yield oil and gas gushed from all the strategic prospecting wells in the desert hinterland of the basin, marking a breakthrough in the oil prospecting in Junggar Pendi.

The prospecting and exploitation of oil in Tuha has made notable progress. Four oil fields have been discovered there, namely, Shanshan, Lilahu, Qiuling, and Wenzisang, and an annual crude oil production capacity of over 500,000 metric tons has been created. A batch of geological petroleum deposits have been verified and controlled within quite a large area.

Petrochemical Output Fulfils State Plan

HK2310061391 Beijing CHINA DAILY in English
23 Oct 91 p 2

[By staff reporter Xu Yuanchao]

[Text] China's petrochemical industry has fulfilled its State production plan for the first three quarters of the year despite shortage of capital and difficulties caused by floods in East China.

The industrial output value of petrochemical plants throughout the country had increased nearly 7 percent to reach 52.7 billion yuan (\$9.7 billion) in the first nine

months of this year, said a spokesman for the China Petrochemical Corporation (Sinopec) in Beijing.

He said the growth rate of pre-tax profits was a bit higher than the same period last year. By the end of September, the industry had turned over 13.6 billion yuan (\$2.5 billion) to the State.

In the first nine months, the corporation refined 74.87 million tons of crude oil, about a 2.1 percent increase over the same period last year. This included some crude oil imported from abroad.

The output for gasoline, kerosene, diesel oil and lubricating oil totalled 37.49 million tons by September, a 2.7 percent rise over the corresponding period last year.

The spokesman said production of chemical products and fertilizers increased in the first three quarters.

The industry turned out 1.12 million tons of ethylene, a rise of 9.3 percent on last year, and the output of plastic products saw a growth of nearly 20 percent to 1.14 million tons, while synthetic rubber increased 11 percent to 192,000 tons.

Production of synthetic fibre monomers and polymers increased 11 percent and 2.8 percent to 621,000 tons and 380,000 tons respectively.

By September, the industry had produced 2.4 million tons of synthetic ammonia, a rise of 2.7 percent over the same period last year, and the output of urea reached 3.76 million tons, a 2.6 percent increase.

Li Teng-hui Discusses Election With KMT Cadres

OW2110092291 Taipei CNA in English 0749 GMT
21 Oct 91

[Text] Taipei, Oct. 21 (CNA)—Chairman Li Teng-hui of the ruling Kuomintang [KMT] said Sunday that the year-end National Assembly elections are very important for the future of the nation.

At a meeting of KMT cadres, Li said the ruling party hopes to win more than 75 percent of the seats up for competition in the election so that the task of constitutional reform may be fully accomplished.

The ruling Kuomintang is dedicated to building the nation into a modern, prosperous, and democratic country according to the three principles of the people. Constitutional reform will lay a solid foundation for the country's long-term development, he said.

Li pointed out that communist regimes everywhere have either collapsed or begun to collapse. "The Chinese Communist regime in Peking will be no exception. Time is in our favor."

"If we can make good use of every opportunity to reform and make progress, the responsibility to lead national reunification will fall on the shoulders of the Kuomintang," Li concluded.

States Goals

OW2910081991 Taipei CNA in English 0743 GMT
29 Oct 91

[Text] Taipei, Oct. 29 (CNA)—The ruling Kuomintang (KMT) must win at least three quarters of the National Assembly seats later in the year in order to assure the smooth amending of the Constitution, KMT Chairman Li Teng-hui said Monday.

Addressing KMT cadres from leading colleges and universities, Li asked them to do their best to help ensure the election of KMT-nominated candidates during the December elections.

The election is critical not only to the KMT and the 20 million people on Taiwan, but also to the future of China, said Li, concurrently president of the Republic of China.

The National Assembly election, therefore, is one which the KMT "must win and must not lose," Li added.

Huang Hsin-chieh, chairman of the major opposition Democratic Progressive Party (DPP), said the KMT is aiming too high.

The DPP itself aims to garner one third of the seats, which will allow it to work with other opposition groups to form a "45-55" ration with the KMT, Huang added.

Dissidents Start Clandestine Radio Station

OW2610154591 Tokyo KYODO in English 1203 GMT
26 Oct 91

[Text] Tokyo, Oct. 26 KYODO—An anti-Kuomintang [KMT] government clandestine radio station, calling itself "Voice of Taiwan," was monitored by KYODO NEWS SERVICE on Saturday.

The station supported independence movements in Taiwan, saying "as far as the people are concerned, Taiwan is not part of China at all. People who live in Taiwan might be able to decide their own fate by themselves, as well as their prosperity. However, Taiwan's future should be decided by the people, not by the government," an English service of the station said.

"Today the ruling party, KMT, still refuses to recognize the killing done 43 years ago. They even tried to deny that the event had ever taken place...The KMT has actually ruined this land," it said.

The station broadcast Japanese service from midnight and English programs beginning at 00:30 a.m. on 9990 kilohertz.

Li Praises Science-Based Industrial Park

OW2410082391 Taipei CNA in English 0743 GMT
24 Oct 91

[Text] Taipei, Oct. 24 (CNA)—President Li Teng-hui praised the Hsinchu Science-Based Industrial Park for its contributions to promoting high technology development and upgrading the nation's industries.

Li spoke Wednesday after hearing a report on the park by Hsieh Hsien-chuan, the park administrator.

Hsieh said the park, one of the Taiwan's success stories and the envy of many developing countries, needs to continue improving for further development, the scale of the industries within the park, he said, is still too small and future efforts should be centered on their expansion.

In addition to expanding the current park, a new industrial park is also on the drawing board as middle-term project of the current six-year National Development Plan.

Hsieh said the new scientific industrial park is being planned with an eye to balanced regional development in Taiwan.

Space Technology Program Approved by Cabinet

OW2710132491 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT
26 Oct 91

[From the "News" program]

[Text] The Executive Yuan has approved a space technology program, drawn up by the State Commission for Scientific Development, under which the Republic of China will launch three low-orbit satellites in the next 15 years.

According to initial estimates, approximately NT\$ [new Taiwan dollars] 13.6 billion will be needed for the project.

According to the plan, the space program will be targeted at promoting the development of relevant basic science and technology around satellite research and research of applied satellite technology. Under the program, gradual steps will be taken to promote the development of space science and technology, including designing, analyzing, testing, and operating satellites.

Moreover, stations will be built to receive satellite signals and efforts will be made to improve the capabilities of tracking satellites, receiving remote signals from satellites, and commanding satellites to follow executive orders. [Words indistinct] in addition to available technology at home, foreign assistance will be sought and advanced technology will be purchased.

According to the 15-year space program, the first six years will be devoted to building the first satellite, which will be used to study and use foreign technology already in existence in order to lay the foundation for technological development at home.

Meanwhile, in implementing this space program, the commission will set up a national group for guiding space science and technology. The group will have departments in charge of satellite designs, production of parts, research and development, and the execution of satellite missions.

'Procedural Consultation' on Crime Prevention Set

OW 2010173191 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 19 Oct 91

[Text] Chen Jung-chieh, deputy secretary general of the Straits Exchange Foundation [SEF], said on 19 October: The SEF has recently verbally informed the Chinese Communist State Council's Taiwan Affairs Office that the Mainland Affairs Council's [MAC] Crime-Prevention Task Force has agreed that the two sides should hold procedural consultation on cooperation in fighting crimes at sea. The Chinese Communist side has also agreed in principle to discuss procedural questions first.

Chen Jung-chieh pointed out: According to the minutes of a task force meeting, the matter has to be submitted to the Executive Yuan for formal approval, and some Legislative Yuan members concerned must be briefed before we leave here for the procedural consultation. For this reason, the SEF will formally inform the Chinese Communist State Council's Taiwan Affairs Office in writing, after we receive the Executive Yuan's approval, and then the SEF will start to arrange the agenda for the consultation.

Chen Jung-chieh estimated that SEF personnel will set out for the consultation in early November.

SEF Mission To Visit Mainland

OW 2610101091 Taipei CNA in English 0745 GMT 26 Oct 91

[Text] Taipei, Oct. 26 (CNA)—A high-powered mission of the Straits Exchange Foundation (SEF) will visit Peking Nov. 3-7 to discuss with mainland authorities joint operation against crime in the Taiwan Strait, a spokesman for the non-profit private organization announced Friday.

The seven-member mission will be headed by SEF Secretary-General C.W. Chen, the spokesman said. Other mission members will include Chen's deputy Chen Rongjie and Xu Hui-yu, director of the SEF's Legal Service Department.

C.W. Chen reported Friday that the Taiwan Affairs Office (TAO) of Peking's State Council has repeatedly expressed its intention to cooperate with SEF in eliminating rampant crime, including piracy, arms smuggling and illegal immigration, in the straits.

"We welcome Peking's proposal," Chen said, adding that the cabinet-level Mainland Affairs Council has authorized SEF to begin detailed discussions with mainland authorities. SEF, jointly financed by the government and the private sector, is the only local civic organization formally authorized to handle cross-strait exchanges.

As crime-busting operations involve a broad range of issues, Chen said, his mission will first consult with mainland officials on the scope of the proposed cooperation and on some technical details.

During its five-day visit, the mission will also seek solutions to some problems and disputes that have arisen from cross-strait civilian exchanges, including document verification, legal counseling and the like.

Chen said further that he personally welcomes a reported Peking decision to set up a private "parallel" organization to deal with SEF.

Reports from the mainland say that Peking has tentatively decided to establish a nongovernmental "Bi-Coastal Relations Association" to handle cross-strait affairs. The planned body will be under the jurisdiction of the State Council's Taiwan Affairs Office and will be patterned after Taipei's Straits Exchange Foundation. Communist authorities are likely to formally announce the establishment of the organization upon the arrival of the high-level SEF mission in Peking early next month, according to the reports.

If the reports are true, Chen said, cross-strait relations will get a significant boost. SEF currently must contact Peking's Taiwan Affairs Office, an official body, on cross-strait exchanges. As Taipei bans official cross-strait contacts, Chen said, SEF has encountered many inconveniences in dealing with TAO.

The proposed private mainland body will hopefully facilitate cross-strait exchanges and cooperation in a variety of fields, Chen added.

Government Will 'Actively Promote' Mainland Ties
*OW3010083391 Taipei CNA in English 0755 GMT
30 Oct 91*

[Text] Taipei, Oct. 30 (CNA)—The government will actively promote relations between the two sides of the Taiwan Strait which have slowed recently for reasons of "caution," Premier Hao Po-tsung said Tuesday.

Replying to a question from legislator Lin Zhengjie, Hao said the government has been wary about Communist China's possible infiltration and sabotage while making its mainland policy.

Also, in order to maintain internal harmony, the government has refrained from actively promoting mainland relations to dispel doubts of "betraying Taiwan," Hao continued.

"Cautious we might have been, but our mainland policy has become too conservative," he added.

He said the government will formulate measures to speed cross-strait exchanges based on mutual trust between the ruling and opposition parties.

Lin, in his interpellation, criticized the Kuomintang [KMT] for emphasizing its anti-independence position in response to the Democratic Progressive Party's pro-independence calls.

Lin said the government and the KMT should more actively promote cross-strait relations.

Group To Evaluate 'Three No's'

*OW2910182891 Taipei CHINA POST in English
24 Oct 91 p 16*

[Text] A group of scholars and experts is being composed by officials to evaluate government policy concerning Mainland China, including the three no's policy, according to the UNITED EVENING NEWS.

The meeting, organized by the Cabinet-level Mainland Affairs Council, aims to decide whether the three no's policy—no contact, no negotiation and no compromise with the Chinese Communists—should be adjusted in the face of the increasingly active exchanges across the Taiwan Strait.

Some scholars who were listed in the group told the newspaper that they support the idea that the three no's policy should be adjusted in a way to represent only the government's political stance.

They said that the policy, which has been interpreted in a broad sense, should be narrowed down to "no official contact, no political negotiation and no compromise over the sovereignty issue."

Both Taiwan and the Mainland China claim to be the sole legitimate ruler of all China, including Taiwan.

Others favor replacing the three no's policy with one that advocates "peaceful competition," according to the newspaper. Supporters of this idea believe that it will help maintain stability between both sides of the Taiwan Strait.

It will also reserve maneuvering room in advance when Taipei must negotiate with Beijing, they said.

Some of the scholars said that "peaceful competition" may be misinterpreted by the mainland Communists as "peaceful evolution," which the government should avoid.

There are also those who maintain that no adjustment for the three no's policy is necessary, the newspaper said.

They said that before the Chinese Communists give up one-party rule over the mainland, the three no's policy can serve as a bargaining chip to help usher in mainland reforms and an open-door policy.

It can also be used to cool off the "mainland fever" and fine tune the scale and speed in the development of relations with Mainland China, according to the newspaper.

In related news, a total of 205 illegal mainland immigrants will be sent back today in the first repatriation in two months.

One hundred more mainlanders will be repatriated tomorrow, which will make the total number of mainland detainees currently in the four detention centers drop to 800, according to the local Red Cross Society.

Cross-Strait Trade Reportedly Growing 'Swiftly'

*OW2510172491 Taipei CNA in English 0802 GMT
25 Oct 91*

[Text] Taipei, Oct. 25 (CNA)—Indirect cross-strait trade continued to grow swiftly in the first eight months of this year, with Mainland China becoming an increasingly important market for Taiwan-made products, the Board of Foreign Trade (BOFT) reported Thursday.

Quoting statistics released by Hong Kong Customs authorities, the board said cross-strait trade transhipped via the British crown colony reached U.S.\$3.51 billion between January and August, up 41.06 percent from the year before.

Taiwan exports to the mainland grew at an annual rate of 40.82 percent to U.S.\$2.84 billion during the eight-month period; and imports from the mainland rose 42.1 percent to U.S.\$660 million, according to Hong Kong Customs tallies.

BOFT officials analyzed that cross-strait deals accounted for 3.86 percent of Taiwan's total foreign trade for the January-August period. Mainland-bound shipments took a 5.76 percent share of the island's total exports for the period, while mainland goods made up a modest 1.59 percent of total imports.

Synthetic fibers, petrochemical materials, machinery and electronics parts and components were the mainstay of mainland-bound shipments. Herbal medicine, feathers and cigarettes formed the bulk of cross-strait imports.

Hong Kong Customs tallies also showed that 15 of the top 20 mainland best-sellers to Taiwan were not on the list of items the government currently permits to be purchased across the Strait. The 15 kinds of merchandise made up 22.68 percent of Taiwan's total cross-strait purchases.

BOFT officials said the government will investigate whether or not these items have actually been unloaded here.

The officials also cautioned that mainland-bound shipments of man-made fibers and some electronics parts already account for an alarming 10 percent of the island's overall overseas sales. They urged local companies to diversify export outlets and not to become overly reliant on mainland markets.

Mainland Support Group Becomes Social Organization

*OW2110104491 Taipei CNA in English 0825 GMT
21 Oct 91*

[Text] Taipei, Oct. 21 (CNA)—The Grand Alliance for the Unification of China Under the Three Principles of the People has changed from a political to a social organization in order to enhance its service to Mainland Chinese staying abroad.

A spokesman said the Grand Alliance amended its charter last Saturday at its six plenary session to reflect the change in the nature of the organization dedicated to the promotion of Chinese culture and academic studies. It will re-register itself soon with the Ministry of the Interior as a social organization.

Kao Ming-hui, secretary general of the Promotion Committee of the Grand Alliance, said the organization has greatly enhanced its service to Mainland Chinese students, scholars, and pro-democracy activists staying abroad.

The alliance's 83 branches in five continents hold seminars annually on Taiwan experience in economic and social development and on how to promote democracy in Mainland China.

Mainland Documents Warn on Relaxing Control

*OW2910153791 Taipei CNA in English 1435 GMT
29 Oct 91*

[Text] Washington, Oct. 28 (CNA)—Two confidential documents are being circulated in top echelons of the Peking regime and the Chinese Communist Party to warn party members of the fate that could befall them if communist control on the Chinese mainland were relaxed, according to THE WASHINGTON POST.

POST correspondent Lena H. Sun wrote from Peking that one of the documents analyzes the political situation in the Soviet Union after the failed coup attempt of August 1991, and asserts that the post-coup Soviet leadership has

unleashed a campaign of "white terror" against top party members and triggered a political, economic and social crisis that could spiral out of control.

"The white terror will create social instability...The power struggle (between Mikhail Gorbachev and Boris Yeltsin) will intensify, politics will become more chaotic, nationality problems will worsen, and economic problems will deepen," the POST reporter quoted the document as saying.

She said that this document is being circulated along with a separate 51-page confidential document that focuses on the evolving political situation in Eastern Europe.

She said that while many of the points made in the two documents had been included in previous internal party directives, these documents purport to provide much more graphic detail of the treatment of former Communist Party members in Eastern Europe and the Soviet Union.

"The grim picture of the Soviet Union and Eastern Europe portrayed in the documents is clearly aimed at warning party members of the fate that could befall them if communist control here were relaxed," wrote the POST correspondent in Peking.

She said the documents also demonstrate a continuing anxiety over the changing balance of world power now that the Soviet Union has been weakened, noting in particular that because of the changes in Eastern Europe and the Soviet Union "the whole world is looking at China...The Western enemy powers are aiming their spears at China."

According to Sun, the document on the Soviet Union concludes that the biggest lesson to be learned from events in the Soviet Union and Eastern Europe "is the correctness of basic Marxist ideology."

"Therefore, it says, among the most important tasks facing authorities in the next two years will be organizing more study of party history and theory and strengthening the political education of youths to prevent 'worship of all Western things,'" wrote the POST correspondent.

Editorial Urges Baker Not To Visit Mainland

*OW2610154391 Taipei CNA in English 1349 GMT
26 Oct 91*

[Editorial published 26 October in EXPRESS NEWS, a CNA newspaper: "Hold Your Visit, Mr. Baker"]

[Text] Taipei, Oct. 26 (CNA)—It's no secret that the Peking regime is trying everything it can to restore its relationship with the rest of the world and to create the impression it has again been accepted by the international community. One of the efforts by Peking in this regard is to get foreign leaders to visit Peking, an effort that has had some success, with the visits to Peking by Japanese Prime Minister Toshiki Kaifu and British Prime Minister John Major. But to fully regain its

international prestige, Peking still needs the endorsement of the United States. That's why the Chinese Communists are anxious to invite a high ranking U.S. official to visit Peking as soon as possible.

Much as President Bush values his relationship with the Peking leaders, domestic pressure, however, has prevented him from accepting an invitation to Peking, as the U.S. Congress (?and American) people still remember the bloody crackdown at Tiananmen Square two years ago. (?Having fought) a hard battle (?in) the Congress over the issue of most-favored-nation trade [words indistinct] for Red China and with his re-election campaign next year, President Bush is [words indistinct] prepared to do anything to ignite another debate over his China policy. He, therefore, is unlikely to include Peking in his trip to the Far East [words indistinct] November.

(?Realizing the) political difficulty of President (?Bush), Peking is now trying for the second best—getting U.S. Secretary of State James Baker to make a stop in Peking during his trip to East Asia in mid-November. So far, Mr. Baker has not accepted the invitation but has not closed the door either. Meeting the press in Paris Wednesday, he dodged the issue entirely.

According to press reports, Mr. Baker remains non-committal on the issue because he wants to use the possibility of such a visit to extract concessions from Peking on weapons proliferation and unfair trade practices. If this is the case, Mr. Baker should be applauded for using his visit as a leverage to influence change [words indistinct] the Chinese mainland. We hope Mr. Baker will ask [words indistinct] Peking's words on the issue of weapons proliferation, unfair trade practices and exports of forced labor products in exchange for his acceptance of Peking's invitation, but would also demand significant improvement of Peking's treatment of pro-democracy advocates currently in prison, and otherwise improve its human rights practice. After all, the United States suspended its relations with Peking in 1989 because of the Tiananmen Square massacre and subsequently [words indistinct] democracy demonstrators. To resume "business as usual" relations with Peking, or even to give the impression of resuming such relations, without Peking taking substantive steps to address the human rights issue would make a mockery of the 1989 sanctions.

The days are gone when geo-strategic reasons required the United States to (?maintain) relations with Peking. U.S. policy toward Red China, therefore, should from now on be guided by its long-term goal of promoting a free and democratic China that will contribute to the peace and security of East Asia. We hope Mr. Baker will make his decision about a visit to Peking on the assessment whether the visit would help promote freedom and democracy in China. At the least, he should avoid doing anything that would be seen as bestowing unjustified credence on the communist leaders in Peking.

Economic Official Comments on New Japanese Leader

OW2810113391 Taipei CNA in English 0750 GMT
28 Oct 91

[Text] Taipei, Oct. 28 (CNA)—Trade and economic relations between the Republic of China and Japan will continue to grow on the current basis after Kiichi Miyazawa assumes the Japanese premiership, Vice Economic Affairs Minister P.K. Chiang said over the weekend.

Chiang, just back from a visit to Tokyo, told the press that Miyazawa is a seasoned politician with an international perspective and is fully aware of the current status of Sino-Japanese relations.

"I believe Miyazawa will handle Sino-Japanese trade and related problems with a pragmatic attitude after he takes his new post," Chiang said.

Miyazawa captured the presidency of Japan's ruling Liberal Democratic Party Sunday, ensuring that he will soon succeed Toshiki Kaifu as the country's prime minister.

Chiang pointed out that Miyazawa, upon his assuming the Japanese premiership, will face the General Agreement on Tariffs and Trade's Uruguay Round of talks, centering on farm trade and service industry issues. As both Japan and Taiwan protect their agriculture, Chiang said, Taipei can learn from Tokyo's strategies in dealing with the Uruguay Round of talks.

Chiang further said that substantive Sino-Japanese relations have been improving gradually as Tokyo is now more active than before in trying to redress its huge trade surplus with Taiwan.

The Board of Foreign Trade (BOFT) reported Sunday that Taiwan's trade deficit with Japan widened further to 7 billion U.S. dollars in the first nine months of this year, up 22.7 percent from the same period of 1990.

The trade deficit has been attributed primarily to Taiwan's large purchases of Japanese-made electronics components, machinery, steel products, auto parts and specialty chemicals. More than 50 percent of the imported electronics parts and machinery here came from Japan, BOFT tallies show.

Increased investments in Mainland China and Southeast Asian countries have further increased Taiwan imports from Japan as production equipment and machinery parts used in overseas Taiwan-invested plants are also being bought from Japan, BOFT officials explained.

Taiwan incurred a deficit of 7.66 billion U.S. dollars in its trade with Japan in 1990 and the imbalance is expected to rise further this year, the officials noted.

Taiwan companies must invest more in research and development in order to reduce their reliance on Japanese technical know-how and to resolve the chronic trade deficit issue, the officials added.

Invitation to APEC Meeting 'Not Yet Received'

*OW3010082891 Taipei CNA in English 0811 GMT
30 Oct 91*

[Text] Taipei, Oct. 30 (CNA)—The Republic of China has not yet received an invitation to participate in the Asia Pacific Economic Cooperation (APEC) forum scheduled for Nov. 12-14 in Seoul, but preparations have been made to attend the annual meeting, a Ministry of Foreign Affairs official said.

Wu Tzu-dan, director of the ministry's International Organization Department, said that Hong Kong and Peking have also not yet received invitations.

Wu noted that although APEC members reached consensus last year on the simultaneous admission of Taiwan, Hong Kong and Peking, APEC must wait for Korea, the host country, to sound out the opinions of member ministers taking part in the annual meeting before making the formal invitations.

APEC, a 12-member organization founded in 1989, is dedicated to promoting multilateral cooperation in the Asian Pacific region.

EBRD President Invites Taiwan to Annual Meeting

*OW1910102991 Taipei CNA in English 0746 GMT
19 Oct 91*

[Text] Taipei, Oct. 19 (CNA)—The European Bank for Reconstruction and Development (EBRD) will welcome the Republic of China [ROC] on Taiwan to attend the EBRD's annual meeting next year, EBRD's President Jacques Attali said Friday in Taipei.

Attali said the Republic of China will attend the annual meeting as a "guest of honor".

Attali said EBRD hopes the Republic of China will continue to contribute to the bank's special fund which will be mainly used to help East European countries to develop market-oriented economies.

The Republic of China has contributed U.S.\$10 million to the EBRD's special fund under the name the of Taipei China-European Cooperation Fund.

The leading European banker said he hopes to raise an estimated U.S.\$30-40 million from 25 countries for the special fund by early next year. Attali said U.S.\$2 million of the U.S.\$10 million donated by the Republic of China will be used to help advise Taiwan manufacturers investing in Europe and the remaining U.S.\$8 million will be loaned to help the Soviet Union and other East European countries improve their economies.

Attali said he believes Taiwan will play an important role in the European trade community during the next decade. He suggested Taiwan manufacturers cooperate with their European counterparts in banking, textiles, steel, agriculture, manufacturing, shipbuilding, chemicals and electronics.

Central Bank of China Governor Samuel Shieh said that, according to the EBRD charter, the Republic of China is not qualified to join the bank because it is neither a European country nor an IMF member.

Shieh said, however, said that Taiwan will increase its contribution to the EBRD's special fund and he does not rule out the possibilities of the ROC becoming an EBRD member in the future.

Attali said if the EBRD needs more funding, it will consider issuing bonds in Taiwan. EBRD has issued 500 million in ECU [European currency unit] bonds in Europe and Japan.

The London-based EBRD, established in April this year, has 42 member countries and a total capital of 10 billion ECU.

Businessmen Urged To Invest in Eastern Germany

*OW2910091791 Taipei CNA in English 0810 GMT
29 Oct 91*

[Text] Taipei, Oct. 29 (CNA)—Taiwan businessmen are welcome to invest in eastern Germany, and they will be given tax incentives until 1993, a visiting Berlin economic official said during a trade promotion Monday.

N. Meisner, a senator of economic and technology of Berlin Government, said Berlin welcomes Taiwan businessmen to invest in eastern Germany, especially in urgently needed medical supplies.

He said that to encourage investment, a tax incentive will be offered to foreign investors until the end of 1993.

Juergen Franzen, director of the German Trade Office in Taipei, also said during the promotion that Taiwan's machinery, textile and computer manufacturers would be ideal investors in eastern Germany.

USSR State Bank Chairman Visits Taipei**Official Views Trade Relations**

*OW1910103091 Taipei CNA in English 0753 GMT
19 Oct 91*

[Text] Taipei, Oct. 19 (CNA)—The Republic of China and the Soviet Union should exchange trade offices as soon as possible in order to facilitate bilateral cooperation, Vice Economic Affairs Minister P.K. Chiang said Friday.

Addressing a Board of Foreign Trade seminar on rapidly expanding Sino-Soviet economic relations, Chiang said Taiwan is more than willing to share its experience in economic development with the Soviets in their bid to transform their centrally-controlled economy into a market-oriented system.

Chiang pointed out that there is ample room for Sino-Soviet economic cooperation as the two economies complement each other. While the Soviet Union is rich in

natural resources, Taiwan has abundant cash and expertise for consumer product manufacturing. Both sides can benefit from mutual cooperation, he added.

Chiang hoped the two countries will soon establish direct air and shipping links, strengthen banking ties and grant each other "most-favored-nations" trade status in order to boost trade and investment.

The one-day colloquium was held in connection with the arrival of a high-level Soviet mission headed by Viktor Geraschenko, chairman of the State Bank of USSR, for a week-long visit.

Geraschenko told the seminar that the Soviet economy faces many problems and needs foreign assistance to overcome its difficulties. Taiwan, with its economic strength, is certainly one of the major countries with which Moscow hopes to cooperate, the top Soviet banker added.

Geraschenko, the highest-ranking Soviet official ever to visit Taiwan, reported that all Soviet banks have been authorized to establish direct correspondence ties with foreign financial institutions. The move will hopefully help promote Taiwan-Soviet trade, he noted.

Geraschenko explained that the Soviet Government has taken steps to modernize its financial system and has given assurances that the ruble will become an international currency by the turn of the century.

As the Soviet Union has little foreign currency, Geraschenko said, it favors barter trade or counter trade as a way of overseas commercial ties.

Geraschenko has reportedly invited Vice Minister Chiang to visit the Soviet Union later this year. Chiang originally planned to visit Moscow in May, but Soviet authorities denied his entry at the last minute for fear of offending Peking.

Eurasco, a Moscow-based trading company, opened a branch in Taipei Friday to facilitate Sino-Soviet commercial exchanges.

Banker Meets Economic Minister

*OW2110084191 Taipei CNA in English 0746 GMT
21 Oct 91*

[Text] Taipei, Oct. 21 (CNA)—Economic Affairs Minister Hsiao Wan-chang [Vincent Siew] said over the weekend that the Republic of China [ROC] hopes to establish direct correspondence banking relations with the Soviet Union and to exchange trade offices in each other's country.

Hsiao spoke while meeting at his office with the visiting Viktor Geraschenko, chairman of the State Bank of the USSR.

Geraschenko was pleased that the Republic of China's Government had added his country to its list of countries eligible for financial aid and hopes Taiwan manufacturers will expand their barter trade with Soviet counterparts.

Geraschenko said his government will study the ROC's request that Taiwan products be granted preferential tariff treatment.

The China External Trade Development Council, a quasi-official trade promotion body, has established a temporary trade office in Moscow and the Ministry of Economic Affairs has asked the Soviets to allow the office to be upgraded to a formal and permanent one.

'Higher Profile' Encouraged

*OW3010082491 Taipei CNA in English 0744 GMT
30 Oct 91*

[Text] Taipei, Oct. 30 (CNA)—The Soviet Union should adopt a higher profile in promoting trade and economic relations with the Republic of China, Vice Economic Affairs Minister P.K. Chiang said Tuesday.

Chiang made his call while meeting with 10 chiefs of Soviet state-run enterprises.

Chiang said he was disappointed at the failure of the Soviet light industry minister to visit Taiwan. The Soviet minister originally planned to visit Taipei along with the mission, but she changed her mind at the last minute.

Chiang said Soviet officials need no longer to shun Taiwan since Viktor Geraschenko, chairman of the State Bank of USSR, made a highly-publicized visit to Taipei earlier this month, and this visit has not caused any adverse impact on anyone.

Chiang also expressed his dissatisfaction with Moscow's decision to authorize a Hong Kong-based company to handle Taiwan-Soviet trade instead of opening a representative office in Taipei to boost civilian exchanges.

Although the Hong Kong-based company, believed to be partially financed by the Soviet Light Industry Ministry, has opened a branch here, Chiang said, its role in promoting Sino-Soviet economic relations is certain to be limited.

Chiang told his Soviet guests that Moscow and Taipei should exchange representative offices in order to facilitate bilateral contacts and to effectively resolve many problems that have arisen from current exchanges.

Chiang further suggested that the two countries establish direct shipping and air links, strengthen banking ties, grant each other preferential tariff rates and sign an investment guarantee agreement with a view to boosting bilateral trade and investment.

Chiang pointed out that there is ample room for Sino-Soviet economic cooperation as the two economies complement each other. While the Soviet Union is rich in

natural resources, Taiwan has abundant cash and expertise in manufacturing consumer products. Both sides will benefit from mutual cooperation, he added.

Later in the day, Chiang told the press that he did not discuss possible arms deals with the visiting Soviet state company executives.

"I'm not in the position to talk about such issues," Chiang said. The Soviet mission also did not include any officials responsible for arms trade, he added.

Soviet Trading Company To Open Branch Office

*OW2510173291 Taipei CNA in English 0756 GMT
25 Oct 91*

[Text] Taipei, Oct. 25 (CNA)—A Soviet company has had its application approved to open a branch office in Taiwan, a Foreign Affairs Ministry official said Thursday.

Lo [words indistinct], director of the ministry's West Asian Affairs Department, said that Eurasco Zurich AG, a joint venture of the Soviet Union, Switzerland and Germany with the Soviet Union being its largest shareholder, has received permission from the Ministry of Economic Affairs to open an office here.

Lo noted that ranking officials of Eurasco Zurich AG have visited Taiwan earlier this year and made clear their intention to open a branch office in Taipei.

Eurasco Zurich has financial, trade and insurance operations, and has established correspondence relations with three Taiwan provincial government-owned banks, the International Commercial Bank of China and Overseas Chinese bank here.

Lo expressed his hope that the opening of the Soviet company will help further trade exchanges between the two countries.

Latvia 'Actively Seeking Substantial Relations'

*OW2010050391 Taipei Voice of Free China
in English 0200 GMT 19 Oct 91*

[Text] Latvia, one of the three Baltic states, is actively seeking substantial relations with the ROC [Republic of China]. Ivars Godmanis, Latvia's prime minister, participated in the Joint Annual Conference of the International Monetary Fund [IMF] and World Bank in Bangkok earlier this week. He joined ROC Central Bank

Governor Samuel Shieh at the same table during a private banquet organized by Jeffrey Ku, chairman of the China Trust Group.

Godmanis told Shieh the three Baltic states are pursuing IMF memberships and entry into other international organizations; they've already established official diplomatic ties with Communist China. Officials at the ROC Ministry of Foreign Affairs indicated the Baltic states, after their independence from the Soviet Union, contacted the ROC's foreign offices expressing willingness to learn from Taiwan's experience in economic development. [Words indistinct] Godmanis's interview with Samuel Shieh was the first active move.

In addition, the Board of Foreign Trade said the Ministry of Economic Affairs is ready to establish economic ties with individual republics of the Soviet Union, for example, Russia, Belorussia, and Ukraine.

South Africans Assure Government on Mainland Ties

*OW2910084891 Taipei CNA in English 0754 GMT
29 Oct 91*

[Text] Taipei, Oct. 29 (CNA)—Foreign Minister Frederick Chien reported Monday that South African Foreign Minister Roelof Frederik Botha had informed the ROC [Republic of China] Government in advance of his planned brief visit to Mainland China earlier this month. Botha visited the mainland primarily for "economic ends," he added.

High-ranking South African officials have repeatedly assured Taipei that their country has no plan for the moment to establish diplomatic ties with Mainland China.

On the country's diplomatic policy, Chien said, the government will do its utmost to expand substantive ties with as many countries as possible and will seek to join all major international organizations.

In line with the national unification guidelines, Chien said the government will use "peaceful and rational means" to compete with Mainland China on an equal basis in the world arenas.

The Republic of China has benefited diplomatically from promoting international economic cooperation in recent years, Chien reported. The government will continue to adopt innovative, non-conventional strategies in order to join major international economic cooperation programs, he added.

Hong Kong

Li Peng Receives Hong Kong Executive in Beijing

OW2410152691 Beijing XINHUA in English
1503 GMT 24 Oct 91

[Text] Beijing, October 24 (XINHUA)—Chinese Premier Li Peng said today in Beijing that China and the Hong Kong China Light and Power Co Ltd have not only engaged in successful cooperative efforts in Guangdong Province but also in other regions in China as well.

Li made his remark during a meeting with William Stone, managing director and chief executive officer of China Light and Power Co Ltd, and his party, at Beijing's Diaoyutai State Guesthouse.

According to informed sources who attended the meeting, Li said that he looks forward to further expansion of cooperation between the two sides.

China's power industry has made consistent progress in recent years, said Li, however the industry cannot meet the demand of the country's economic construction and the power demand of its population.

Li said that China will continue efforts in this regard and will attempt to find funding from various channels in order to continually update the system.

Li stressed that on the one hand China will attach importance to the construction of energy resources, while at the same time paying even greater attention to energy savings.

The Chinese premier said that China will also carry out a technical transformation program to further develop the country's energy industry.

Stone said that since his arrival here he has engaged in fruitful talks with Huang Yicheng, the minister of energy resources, and a number of other leading officials from various departments of the energy industry.

He said that, just as in the past, his company will continue its positive attitude in regards to solving any problems which may arise in cooperation construction projects to ensure satisfactory results.

Following the meeting, the Chinese premier hosted a dinner in honor of his guests.

Zhu Lin, the wife of the Chinese premier, attended the dinner along with Huang Yichen, the minister of energy resources.

Court of Final Appeal Agreement Sparks Controversy

PRC Spokesman Comments

HK2510023591 Hong Kong SOUTH CHINA MORNING POST in English 25 Oct 91 p 12

[By Chris Yeung and Doris Cheung]

[Text] China says it will oppose any proposed changes to the Sino-British agreement on the establishment of a Court of Final Appeal in Hong Kong and has reminded Britain to be cooperative.

A Chinese Foreign Ministry spokesman said in Beijing yesterday: "Some people in Hong Kong have recently vowed to alter the broad agreements between the two countries on the Court of Final Appeal. This is what the Chinese Government will certainly not agree to."

"We hope that the British side will adopt a co-operative attitude to have further discussion on relevant details in accordance with the agreement so that the court can be set up at an early date."

The official said the court package was in accordance with the spirit of the Sino-British Joint Declaration and the Basic Law as well as the policy of "Hong Kong people ruling Hong Kong".

The ministry's remarks were a tough response to threats from many Legislative Councillors that they would block the passage of the relevant laws.

Fierce criticism of the package, particularly on limiting the number of overseas judges to one, also came from the local branch of the International Commission of Jurists and the United Democrats yesterday.

They said insufficient overseas participation in the court could undermine the confidence of the international business community in Hong Kong's judicial system.

But a pro-China lawyer, Miss Liu Yiu-chu, accused the territory's legal profession of being a "toady" to foreign countries and lacking self-confidence in staffing the Court of Final Appeal.

Miss Liu, a delegate to the Chinese National People's Congress, also blamed Hong Kong lawyers for turning the administration into a "lame duck" by rejecting the court agreement reached by the Sino-British Joint Liaison Group.

In a statement released yesterday, members of the international jurists commission expressed "deep disappointment" at the disparity between the agreement on the composition of the Court of Final Appeal and the community's expectations based on the Joint Declaration and the Basic Law.

Its chairman, Dr Nihal Jayawickrama, said: "It is not a matter of the availability of competent people in Hong Kong to sit on the Court of Final Appeal, but a matter to have judges from other jurisdictions to maintain judiciary independence."

Meanwhile, Hong Kong's administration has warned legislators that they will either have to accept the proposed package or face the possibility that no Court of Final Appeal will be established at all.

The warning is contained in a paper issued yesterday to the 56 non-civil servant Legislative Council members, who will discuss the issue at their in-house meeting today.

It said it was up to members to decide on the line to take on the bill when it was introduced.

"However, any fundamental changes proposed by the legislature will have to be referred to the Executive Council for consideration," it added.

The United Democrats, who have 14 members in the Legislative Council, said that to allow existing judges of the Court of Appeal to sit on the Court of Final Appeal would turn it into another Court of Appeal instead of a replacement for the Privy Council.

Their vice-chairman, Mr Albert Ho Chun-yan, said: "This would hit the confidence of the international business community in the local judiciary system."

The United Democrats are worried about the calibre of Hong Kong judges.

Mr Ho said the Government should prove to the public that the territory's judges were competent enough to maintain the principle of common law.

Miss Liu, who was a Basic Law drafter, said those who had no confidence in running their own court should not be expected to administer the territory's affairs after 1997.

"We should give the opportunity to those who have confidence to do so," she said.

Councillors Question Agreement

HK2710013491 Hong Kong SOUTH CHINA MORNING POST in English 26 Oct 91 p 4

[By Doreen Cheung]

[Text] The Legislative Council [Legco] yesterday decided at its inhouse meeting that the Government should reconsider the Joint Liaison Group's (JLG) agreement on the composition of the Court of Final Appeal.

The legislators were also adamant that the court should be set up by 1993 despite Beijing's indication that it had not committed itself to any definite timetable for the new court's inception.

Speaking after the inhouse meeting, legislator Mrs Selina Chow Liang Shuk-yeo, said Senior Member Mr Allen Lee Peng-fei would soon write to the administration to reflect legislators' views on the issue.

She said most councillors at yesterday's meeting had backed a motion that the JLG agreement did not provide sufficient flexibility when it came to the invitation of overseas judges.

The controversial Sino-British model has limited the number of overseas judges sitting on the five-member Court of Final Appeal to one.

Among the councillors present, 38 voted for the motion stating that the Sino-British model lacked flexibility.

Two voted against the motion and five abstained.

Said Mrs Chow: "They feel that the composition of the Court of Final Appeal should follow the flexibility provided for in the Joint Declaration and the Basic Law."

Her colleague, Dr Leong Che-hung said: "We think it should be up to the Court of Final Appeal to decide on the number of overseas judges to be invited."

It is understood that the two pro-China figures in the law-making assembly, Mr Tam Yiu-chung, of the Federation of Trade Unions, and Dr Philip Wong Yu-hong, of the Chinese Chamber of Commerce, voted against the motion.

They argued that the agreement had not breached the Joint Declaration and the Basic Law, and that it was up to the National People's Congress to interpret the Basic Law.

Councillors noted that their stand would cause delay over the establishment of the new court, but said it should be set up by 1993 as scheduled.

Asked if the councillors intended to send their message to the Chinese side, Mrs Chow said: "We are reflecting our opinions only to the Hong Kong Government because it is the official channel."

She rejected suggestions that Legco's decision would put the administration in an embarrassing position and lead to a constitutional crisis.

"I think the Legco is entitled to argue and we are duty bound to express our views," she said.

"We were not consulted before the JLG had reached the agreement."

Asked if the councillors would offer a solution to the impasse, she said the next step was up to the administration.

Dr Leong said it was not the councillors' responsibility to come up with a solution to the problem.

Sir William Wade, a British legal expert who was invited by the Bar Association and the Law Society to give his view on this issue, argued that the UK and Chinese governments could not make an agreement which was contradictory to the Basic Law and Joint Declaration.

In a paper circulating among legislators, Sir William said:

"It is at least clear that Article 82 intends to give the court a wide discretion as to its exercise of its power of invitation, so that no law purporting to make the discretion narrow would be valid."

A legislator said councillors were unhappy that the agreement had been reached without consulting them and the views of non-government bodies.

Although they knew that rejecting the pact would constitute a major constitutional crisis, councillors were ready to stand firm and hoped that the agreement could be changed.

Bar Chairman Lobbies in Britain

HK3010011891 Hong Kong SOUTH CHINA MORNING POST in English 30 Oct 91 p 2

[By Jennifer Cooke]

[Text] A British official has accused the chairman of Hong Kong's Bar Association of damaging confidence in the territory by attacking the Final Court of Appeal agreement.

The chairman, Mr Antony Rogers, QC, said he had run into a "we know best" attitude during a meeting with the minister with special responsibility for Hong Kong, Lord Caithness, and other officials including under-secretary of state for the Foreign and Commonwealth Office, Mr Andrew Burns, in London.

It was Mr Burns who "suggested I was damaging confidence in Hong Kong by raising the legal profession's concerns", Mr Rogers said.

Speaking on his return to Hong Kong last night, Mr Rogers said the officials had been opposed to his call for the Joint Liaison Group (JLG) agreement on the court to be renegotiated to ensure the judiciary's independence after 1997.

"We parted company, mentally speaking, from square one," said Mr Rogers of the 45-minute meeting.

Mr Rogers had reiterated concern that the British and Chinese governments had no power to agree on the composition of the court and said the accord they had reached breached the Joint Declaration and the Basic Law—an opinion backed by English constitutional law expert, Sir William Wade.

Mr Rogers said the officials had told him that despite the concern, "they hoped that the court would be independent nonetheless".

And, they had not been impressed by his view that governments should "stay out of it" when an issue related to judicial independence.

Mr Rogers said he told them that he did not think that people speaking out on the independence of the judiciary or the legal system were overstepping the mark and "if they were suggesting that I should keep quiet, they were speaking to the wrong person".

"At that point they assured me that they were not suggesting I not voice my concern," he said.

The meeting concluded with both sides "fairly implacable".

However, that was before either knew that the Legislative Council had decided on its in-house meeting that the Government should re-consider the agreement because it lacked flexibility on the number of foreign judges that could be invited to sit on the court.

Mr Rogers who lobbied lawyers and British politicians during his visit, said he received support from the head of the Bar Council of England and Wales, Mr Anthony Scrivener, QC, and the shadow attorney-general, Mr John Morris.

The deputy head of the Hong Kong Parliamentary Group, Mr John Marek, the shadow foreign secretary, Mr Gerald Kaufmann, and Labour front bench spokesman on foreign affairs, Mr George Foulkes, also gave him their support.

Mr Rogers described his professional activities while in England as a "lobbying mission" to create awareness of the concern over the court agreement.

"I'm sure this is a process that must go on to get our views across," he said.

Mr Rogers and members of both the Bar Council and the Council of the Law Society, backed by eight professional bodies, began their awareness campaign two weeks ago, saying that the JLG had agreed on a Final Court of Appeal constitution which differed from that stipulated in the Joint Declaration and the Basic Law.

Ji Pengfei Views Dispute

HK2310070591 Hong Kong WEN WEI PO in Chinese 23 Oct 91 p 2

[By staff reporter Chen Chien-ping (7115 1696 1627); "Ji Pengfei Comments on Hong Kong Court of Final Appeal"]

[Text] Beijing, 22 Oct (WEN WEI PO)—While discussing the question of Hong Kong's Court of Final Appeal with the Hong Kong Po Lueng Kuk delegation to Beijing today, Ji Pengfei, Standing Committee member of the Central Advisory Commission, said that the question of the judiciary involves sovereignty. In the agreement reached on the Hong Kong Court of Final Appeal by the Sino-British Joint Liaison Group, the Chinese side has already made great concessions and it is unlikely that any alteration can be made.

Ji Pengfei met with the Hong Kong Po Leung Kuk delegation, led by Chao Li Chin-ching, this morning at the Diaoyutai State Guesthouse. He made the above remarks when asked about the ratio of overseas and Hong Kong judges in the Hong Kong Court of Final Appeal. He said that "Hong Kong people ruling Hong Kong" will be a general principle for the post-1997 period. Neither people from the interior nor those from abroad will rule Hong Kong. Judiciary is a question of sovereignty rather than the number of overseas judges. In light of the provisions of the Sino-British Joint Declaration, Ji said, whenever necessary, the Hong Kong Special Administrative Region [SAR] may invite judges from the places with common law systems to take part in a trial. Ji emphasized the words "whenever necessary." No invitation shall be made when it is not necessary. Ji Pengfei said that Hong Kong people should have confidence in themselves. They should have the courage to play their role, stir themselves, and undertake this task.

After 1997, Ji also pointed out, Hong Kong's executive body, legislature, and judiciary will all be independent of each other. The Legislative Assembly of the SAR will be different from the current Legislative Council. Instead of serving as a consultative organ, it will perform the function of a legislature.

During the meeting, members of the delegation mentioned Hong Kong's inflation and other issues. We have also followed with close attention these problems which are of great concern to the Hong Kong people, Ji said. As Hong Kong people are to rule Hong Kong after 1997, they should undertake the responsibility of ruling Hong Kong well and continue to maintain Hong Kong's prosperity and stability.

Chen Ziying, deputy director of the State Council's Hong Kong and Macao Affairs Office; Duoqie Caidan, vice minister of civil administration; Chen Zuoer, director of the First Section of the Hong Kong and Macao Affairs Office; and Chen Guangming, deputy director of the Second Section of the Hong Kong and Macao Affairs Office, were present at the meeting. Ji Pengfei gave a banquet in honor of the delegation.

Former Official Defends Agreement

OW3010074191 Beijing XINHUA Domestic Service in Chinese 0957 GMT 29 Oct 91

[By Li Zehong (2621 2344 4767): "Sino-British Agreement on the Court of Final Appeal Is in Accord With the Joint Declaration and the Basic Law—Interview With Li Fushan, Former Judicial Officer of Hong Kong High Court (2621 4395 0810)—XINHUA headline]

[Text] Hong Kong, 29 Oct (XINHUA)—In view of the recent argument in Hong Kong concerning the Sino-British agreement on the Court of Final Appeal, this reporter visited and interviewed Mr. Li Fushan, former member of the Hong Kong Basic Law Drafting Committee and judicial officer [an cha si 2174 1390 0674] of the Hong Kong High Court.

Upon learning the purpose of the visit, Mr. Li Fushan came straight to the point and said: The agreement reached recently by the Sino-British Joint Liaison Group on the Court of Final Appeal is totally in accord with the Sino-British Joint Declaration on the Question of Hong Kong and the Hong Kong Basic Law, which gives no cause for much criticism.

At end of September, the Sino-British Joint Liaison Group reached an agreement on the question of the Court of Final Appeal. This was a quite normal thing, but it was criticized by some people who asserted that the agreement ran counter to the Sino-British Joint Declaration on the Question of Hong Kong and the Hong Kong Basic Law. The focus of their argument is that of the five judges on the Court of Final Appeal, four of the judges—namely, the chief judge and three permanent judges—may be locally appointed, while only one judge will be recruited from other common-law jurisdictions.

Mr. Li Fushan picked up a copy of the Sino-British Joint Declaration on the Question of Hong Kong and a copy of the Hong Kong Basic Law and pointed out related articles of these two documents. He said: Both documents stipulate that "the power of final adjudication of the Hong Kong Special Administrative Region is vested in the Court of Final Appeal in the region, which may, as required, invite judges from other common-law jurisdictions to sit on the Court of Final Appeal." Thus we can see that the Sino-British Joint Declaration on the Question of Hong Kong and the Hong Kong Basic Law have not specifically prescribed the ratio of judges to be recruited locally and from abroad. They only include a principled article that implies that foreign judges may be invited from other places as required and may not be appointed if there is no such need. The agreement reached through negotiation by the Sino-British Joint Liaison Group on the Court of Final Appeal has definitely not violated the Hong Kong Basic Law and the Sino-British Joint Declaration on the Question of Hong Kong. Li Fushan said: Some people may have opinions concerning the four-to-one ratio. They can make requests or express their views. It is unfair to say that it runs counter to the Sino-British Joint Declaration on the Question of Hong Kong and the Hong Kong Basic Law. They are in no position to say that it will influence the confidence of residents in Hong Kong.

As to impartiality, dignity, and the value of justice, they do not depend on the number of judges from abroad but depend primarily on the professional training, morality, and personal quality of judicial personnel. Li Fushan also suggested that it is essential to grasp the work of training judicial personnel in view of the fact that Hong Kong lacks qualified judicial personnel. As a member of the Hong Kong Basic Law Drafting Committee, Li Fushan pointed out that the stipulation of the Sino-British Joint Declaration on the Question of Hong Kong and the Hong Kong Basic Law concerning "the power of final adjudication of the Hong Kong Special Administrative Region being vested in the Court of Final Appeal in the region" would be applied after 1997. China's consent to the establishment of the Court of Final Appeal in Hong Kong before 1997 was done out of its goodwill in order to let residents and judicial personnel in Hong Kong understand, be familiar with, and adapt themselves to the system of final appeal and gain experience at an earlier date. This also is aimed at preparing for the smooth transition in 1997. In fact, even if the Court of Final Appeal is not established before 1997, there will be no problem in establishing the court at that time.

Concerning some people's argument that justice and sovereignty are not related, Li Fushan stated that the powers of legislation, administration, and justice are all within the scope of national sovereignty. The power of justice, especially the power of final adjudication, is a question of sovereignty and is undeniably a part of sovereignty.

WEN WEI PO Editorial

HK2610015091 Hong Kong WEN WEI PO in Chinese 25 Oct 91 p 2

[Editorial: "Defend Solemnity of Agreement on Final Court of Appeal"]

[Text] China and Britain, based on the provisions of the Joint Declaration and in a spirit of mutual understanding and reconciliation, have reached agreement at the 20th Sino-British Joint Liaison Group [JLG] session on establishing a Court of Final Appeal in Hong Kong before 1997. The agreement will help ensure a smooth transfer of government and a stable transition in 1997, conforms with the Basic Law, and helps preserve the independence of Hong Kong's judicial system under the principles of Chinese sovereignty; one country, two systems; and Hong Kong people ruling Hong Kong. This is a solemn agreement. Safeguarding the solemnity of the Court of Final Appeal agreement and its implementation is the responsibility of China, Britain, and all circles in Hong Kong.

The JLG was established according to the provisions of the Joint Declaration. The Joint Declaration states: "To enable an effective implementation of the Joint Declaration and ensure a smooth transfer of government, a Sino-British JLG will be established when the Joint Declaration goes into effect." The functions of the JLG are to conduct consultations on the implementation of the Joint Declaration, discuss matters relating to the smooth transfer of government in 1997, and exchange information and conduct consultations on such subjects as may be agreed by the two sides. Since the establishment of the JLG, it has fulfilled its functions with excellent results. All the agreements reached through it benefit the implementation of the Joint Declaration and a smooth transfer and stable transition in 1997, as can be plainly seen.

Some people keep saying that they "support" the Joint Declaration while adopting a utilitarian attitude toward the agreements reached through the JLG, which was established according to the Joint Declaration and has the functions of implementing the Joint Declaration, welcoming agreements that appeal to them and refusing those that go against them. There are also people who, because of the situation, dare not openly oppose but bear their grudges secretly. So they feign compliance, maintaining one position in words while pursuing another in action, and engage overtly in a certain line of action and covertly in another. Recently, some people have felt that the Court of Final Appeal agreement reached by the JLG did not appeal to their taste, and they banded together to launch an increasingly fierce attack on the agreement, stirring up trouble and creating a coordinated media campaign. They even keep sending out a signal that the Legislative Council is going to throw out the Court of Final Appeal agreement and, as a kind of blackmail, make out that Hong Kong may plunge into a "constitutional crisis," acting as if they will not give up until they sabotage the Court of Final Appeal agreement. Today, when Hong Kong has already entered the latter stage of the transition period and the JLG is facing much more difficult tasks, some people want to undermine the authority of the JLG by revoking the Court of Final Appeal agreement. By neutralizing the role of JLG and preventing it from continuing to fulfill its functions as specified by the Joint Declaration, they are attempting to make a breach here to fulfill their secret and hardly utterable wishes. This is a move that calls for attention.

However, should this agreement on the Court of Final Appeal be revoked, does it mean that other agreements reached by the JLG would also have to be revoked? Do we still want the JLG or not? Do we still implement and carry out the Joint Declaration? If not, what kind of crisis will this lead to? Therefore, in reference to the aim of some people in Hong Kong to change the Court of Final Appeal agreement, the Chinese Foreign Ministry spokesman yesterday explicitly pointed out that the "Chinese Government will absolutely not agree to this."

Concerning the Court of Final Appeal in the Hong Kong Special Administrative Region [SAR], both Article Four, Section Three in Annex One of the Joint Declaration and Article 82 of the Basic Law state that "the power of final adjudication of the Hong Kong SAR shall be vested in the Court of Final Appeal of the region, which may as required invite judges from other common law jurisdictions to sit on the Court of Final Appeal." This is a principled provision. How do we turn this principled provision into concrete steps in order to implement it? Article 83 of the Basic Law states: "The structure, powers, and functions of the courts of the Hong Kong SAR at all levels shall be prescribed by law." Here we can see that the organization of the Court of Final Appeal, including the ratio between Hong Kong judges and overseas judges, is to be stipulated by law. Therefore, there is nothing wrong with the "4 to 1" formula for the ratio between Hong Kong and overseas judges in the Court of Final Appeal agreement reached by the JLG. Some people interpreted the working out of concrete steps for this principled provision of the Joint Declaration by the JLG as canceling the flexibility of the concerned provision, or attacked it as violating the Joint Declaration and Basic Law. This is groundless.

Faced with the beleaguered attacks on the Court of Final Appeal agreement by these people, what do we take as our standard of truth? Ultimately there are two: one is China's sovereignty, and the other is the rule of Hong Kong by Hong Kong people. Judicial problems mean sovereignty problems. Apart from stipulating that the position of chief justice must be held by a permanent citizen of the Hong Kong SAR—who is therefore also a Chinese citizen—not holding residence rights in a foreign country, the Court of Final Appeal also stipulates that there must be three Hong Kong judges. Hong Kong judges are under the administration of the Hong Kong SAR, answer to the SAR government and recognize and observe the region's Basic Law. Only when Hong Kong judges are the majority in the Court of Final Appeal can the right of final appeal be put, and guaranteed to be in the hands of the Hong Kong SAR under China's sovereignty. This will safeguard China's sovereignty and put into effect the rule of Hong Kong by Hong Kong people. Some people adopt a utilitarian attitude toward the Joint Declaration and the principled stipulations on the Court of Final Appeal in the Basic Law, avoiding the line "the power of final adjudication of the Hong Kong SAR shall be vested in the Court of Final Appeal of the region," but dealing at length with the line that "the Court of Final

Appeal may as required invites judges from other common law jurisdictions to sit on the Court of Final Appeal," and rambling on about the inadvisability of the Court of Final Appeal agreement allowing only one overseas judge to sit on the court. All this only shows that the principle of sovereignty has been disregarded and this is not recommended. In fact, from the Joint Declaration and Basic Law we can see that inviting overseas judges must obey the sovereignty principle and the rule of Hong Kong by Hong Kong people. Concentrating on the number of overseas judges and neglecting the sovereignty principle and the rule of Hong Kong by Hong Kong people is putting the cart before the horse.

TA KUNG PAO Editorial

*HK2610075691 Hong Kong TA KUNG PAO
in Chinese 26 Oct 91 p 2*

[Editorial: "Court Agreement Falls in Line With Joint Declaration"]

[Text] The ancients said: "There are no waves without wind, the water is calm without tides." Though the agreement recently reached by the Joint Liaison Group (JLG) on the composition of the Court of Final Appeal was something normal, controversies arose. Hong Kong lawyer organizations and some legislative councilors made many accusations regarding the agreement and even concluded that "the agreement jeopardized judicial independence and weakened the Hong Kong people's confidence." They also said that the agreement "breached the Joint Declaration." A careful study of these accusations will find that they were made by a very few people who are dissatisfied with China and take a skeptical attitude toward everything China has done.

The rights and wrongs of everything can be judged from the facts. People may be divided over something due to different positions for a short period, but you cannot turn black into white. Many Hong Kong people have become wiser after experiencing so many troubles over the last few years. A few newly elected legislative councillors, in an attempt to mislead the public and provoke a public debate over the number of overseas judges mentioned in the Court of Final Appeal agreement, seized the opportunity to claim that the Legislative Council is provided with "legislative power" rather than being a consultative body. In so doing, they tried to negate the Legislative Council's functions defined by the royal edict. As a result, they failed to win public support, faring worse and worse for all their scheming.

According to the agreement, the Court of Final Appeal will be composed of five judges, including one chief judge and three Hong Kong judges, who can be chosen from locals, while the remaining one judge will be invited from overseas judicial circles. The quarrel centered on the Court of Final Appeal's composition. Some people made a clamor stressing the number of overseas judges sitting on the court should not be limited.

Limiting the number of overseas judges to one should not have become a point at issue. The most important

thing is whether the judge is impartial and hears cases in the spirit of judicial independence. Judicial independence and the number of judges are two different things which are not related to each other.

Some people said more overseas judges will provide a guarantee for judicial independence. This argument is untenable and has been refuted by local people in various circles.

"Hong Kong will be ruled by Hong Kong people." The principled agreement on the Court of Final Appeal's composition reached by China and Britain through negotiations fully complies with the Sino-British Joint Declaration on the Question of Hong Kong. According to the agreement, the Court of Final Appeal will be composed of five judges, and among them one overseas judge can be invited when necessary.

It should be noted that the JLG is duty-bound to discuss the implementation of the joint declaration, the smooth hand-over of sovereignty in 1997, and matters the two sides have agreed upon. The issues on which the JLG fail to reach agreement are to be submitted to the Chinese and British Governments for solution. Now that the JLG has reached an agreement on the Court of Final Appeal's composition, how can the agreement be altered just because of objections raised by some lawyers' organizations? Can the solemn agreement be regarded as a trifling matter?

On the other hand, the power of final adjudication concerns a country's sovereignty. The relevant clauses in the Joint Declaration and the Basic Law have this to say: "The power of final judgment of the Hong Kong Special Administrative Region (SAR) shall be vested in the Hong Kong SAR Court of Final Appeal, which may, as required, invite judges from other common law jurisdictions to sit on the court of final appeal." The JLG's agreement is in full conformity with the above principle. Though the Joint Declaration and the Basic Law only apply to Hong Kong after 1997, it was hoped that the Court of Final Appeal would be set up before 1997 to facilitate the smooth change-over of sovereignty. For this purpose, relevant particulars must be defined. It is proper for China and Britain, the two countries which formulated the Joint Declaration, to discuss the particulars for setting up a Court of Final Appeal in the run-up to 1997, including the court's composition. How can the agreement on the five-judge Court of Final Appeal be randomly revoked?

A few legislative councillors tried to suggest that the Legislative Council should deny the agreement. Such an act would be unreasonable and unlawful. It is well known that Hong Kong judicial bodies have never been vested with the power of final adjudication. According to the royal edict and order, the Privy Council shall exercise the power of final judgment. Did those legislative councillors not violate the royal order in trying to deny the agreement on the Court of Final Appeal and in demanding the Legislative Council exercise legislative power? No wonder some local newspapers criticized them.

Hong Kong's sovereignty will be returned to China in 1997. This is determined by the historical trend. We can tackle any problems arising in the process in accordance with the spirit and stipulations of the Joint Declaration and the Basic Law. We should go by the law no matter what differences we have. It is not at all surprising that people have different opinions. But the differences should be ironed out or reduced through debate. In this way, everyone will feel happy. Since the Sino-British Joint Declaration on the Question of Hong Kong was signed, China has in fact tried its best to maintain Hong Kong's stability and prosperity and put into practise the policy of one country, two systems and of Hong Kong people administering Hong Kong. Hong Kong will have a bright future.

Commentary Views Government Response to Inflation

HK2110115891 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1029 GMT 10 Oct 91

[“Commentary” by Yu Cheng (6735 2052)]

[Text] Hong Kong, 10 Oct (ZHONGGUO TONGXUN SHE)—The Hong Kong Government has recently indicated its determination to check inflation. If the authorities can effectively and reasonably keep public expenses under control and adopt other corresponding measures it is believed that inflationary pressure in Hong Kong will ease somewhat at a later date. However, it is unlikely that the inflation rate will drop to a relatively low level.

The methods adopted in May to check inflation are still far from their desired target. Consumer price index A reached a high of 12.7 percent in August, bringing the average rate for the first eight months to 12.6 percent. For this reason, Hong Kong Governor Wilson, in his 1991-1992 policy report to the Legislative Council, discussed the question of inflation for the first time, saying that he believed the rise is too high. He also said that the government “must immediately consider measures that can be adopted to slow down the rising inflation rate.” Although to the matter has been a bit late, it is better than looking on unconcerned.

In his policy report, Wilson did not disclose the specific measures to be adopted by the Hong Kong Government to bring public expenditure under control. It seems that the basic principle of public expenditure coordinating with economic growth, adopted in the 1980's, will be followed. If the Hong Kong Government can “repeatedly examine the various expenditure plans and the commitments it has made,” and “increase the productivity of public servants,” it is believed that public expenditure will not increase drastically and will not exceed growth in gross output value as in the past two years. Then, it will be possible for the government to maintain a balance between revenue and expenditure without sharply increasing taxes and charges.

Structural changes in the course of economic development undoubtedly result in inflationary pressure on Hong Kong. However, this is an inevitable law. Hence, the Hong Kong Government must strictly reduce the adverse influence of public expenditure on inflation. As

to the problem of serious labor shortages, this is not a factor which stimulates inflation. While readjusting wages, industrial and commercial firms will consider the inflation rate and the efficiency of workers employed. They will not indiscriminately readjust wages, which may reduce their marginal profits.

A rapid growth in Hong Kong's work force has failed to develop along with economic growth. Probably, this is one of the factors causing inflation to remain at a high level. Apparently, the effect on the market could possibly slow down the pace of economic growth. Labor imports is only one method for promoting productivity. The Hong Kong Government should also adopt substantial measures to encourage industrial and commercial firms to speed up capital investment, including a preferential taxation policy.

The import of labor should “not be limited to economic sectors which are badly in need of labor.” Moreover, the Hong Kong Government should ensure the reasonable rights and interests of workers from Hong Kong and other localities. Even if the authorities are determined to take practical action to check inflation, it is believed that the effects will only appear after a relatively long period of time. Hence, the Hong Kong Government must resolutely adopt measures against inflation.

Inflationary pressure in future years will also come from large capital construction projects, including the new airport. To minimize the adverse influence of inflation on the social economy and make things convenient for the people's livelihood, the Hong Kong Government must effectively implement the commitments made by Wilson: “We should prudently make capital accommodation plans for the airport and other major projects. At the same time, we must keep costs under control and strictly examine the budget.”

Further on Inflation

HK2810072291 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0739 GMT 21 Oct 91

[Commentary by Yu Cheng (6735 2052): “Hong Kong People's Standard of Living Drops Due to High Inflation”]

[Text] The average real wages of Hong Kong workers in June were not more, but were even less than in the same period last year. This shows that high inflation is harmful to people's lives and the Hong Kong Government's policy of interfering with company wage increases at the beginning of this year was erroneous. It is necessary for the authorities to formulate appropriate and effective long-term measures to fight against inflation.

Statistics just published by the Hong Kong Government disclose that the average real wages of each worker in selected major industries recorded an increase of 9.6 percent to 12.3 percent in June over the corresponding period last year, but after allowing for inflation, real incomes recorded no increase and even declined. Of these, real wages of workers in some industries including

financial, economic, insurance, real estate, and commercial services, actually dropped by 2.4 percent, and those in manufacturing trade were reduced by 1.3 percent. This fully shows that high inflation adversely affects people's standard of living.

In fact, Hong Kong's inflation has remained high and has been worsening for a long time. This is one reason that workers' incomes in all industries cannot offset the pressure of inflation. In the second quarter of this year in particular, the average increase in the CPI [consumer price index] A, with the index in 1984-1985 as a base, was as high as 13 percent, leading to a drop in the quality of Hong Kong's standard of living. The cause of the recent deterioration in Hong Kong's inflation rate is mainly due to the big increases in Hong Kong Government taxes and unremitting increases in prices and charges for franchised public services. Consumption ability is immediately affected.

Another factor accounting for the drop in workers' incomes and consumption ability that cannot be neglected is that the Hong Kong Government is said to have interfered with private organizations' and financial groups' wage increases at the beginning of this year. The range of increase in workers' wages at some individual companies was 8 percent of the base index. As a result, workers' incomes cannot keep pace with inflation and the quality of their personal consumption has dropped. The Hong Kong Government's interference with private organizations' pay rises this year, shows to a fairly large extent that the Hong Kong Government has not faced Hong Kong's high inflation situation squarely over a long period of time and has adjusted the annual rate of increase of CPI-A several times, from 9.5 percent as estimated at the beginning of this year to 12 percent as revised earlier.

Workers in all industries have not only suffered from the fact that their wage increases cannot offset the pressure of inflation, but are also facing the threat of increasing employment difficulties. The readjusted unemployment rate from May to August increased to 2.3 percent, and the number of vacancies in all sectors was markedly reduced. Of this number, vacancies in manufacturing industries in June dropped by 32.5 percent over the same period last year and were 20 percent less than in March. This shows that workers cannot easily find employment opportunities.

Although the annual rate of increase in CPI-A has slowed down in the last two months, it is still at a fairly high level. This has caused workers' real incomes to continuously face decline and workers can hardly cope with the pressure from rises in various taxes and charges. Without doubt, the Hong Kong Government has recently adopted a slightly more positive attitude toward Hong Kong's inflation, but it must seriously pay attention to the relationship between public expenditure and inflation. Even if the method to fight inflation is appropriate, it is impossible for the that the increases in Hong Kong's consumer price index will be relaxed all of a sudden.

At the start of economic recovery, workers living standards do not improve because they are affected by improper financial management in the public sector. This is extremely unfair to workers.

Senior Figure To Head Taiwan Travel Company

HK2710060591 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 27 Oct 91 p 4

[By Eva To]

[Text] A change in management of a travel company would normally pass unnoticed in the frenetic world of Hong Kong business but the appointment last month of Mr John Ni as head of the Taiwanese-owned Chung Hwa Travel Services is being interpreted as a radical turnaround in Taipei's policies towards China.

Observers say the appointment of the China-born, Stanford-educated official at the helm of Taiwan's de facto international flagship could precipitate a giant leap in Hong Kong's role as a meeting ground of the two power blocs.

Mr Ni's move to the Hong Kong office makes him the highest-ranking Taiwanese official ever posted to the territory. He was for nine years head of the Ministry of Economic Affairs' Independent Development and Investment Centre.

His rich experience in trade and investment has fuelled speculation that his key mission would be to foster Taiwanese business interests in the territory. Analysts said his family's close ties with the Kuomintang, the ruling party, gave him extra leverage.

"Ni's assignment to Hong Kong signifies that Taipei is serious about using Hong Kong as a conduit to push its trade and investment activities," a senior local banker said.

The pundits are convinced Taipei is ready to replace political feuding with mounting business links with the mainland, and they anticipate exponential growth for Taiwanese business interests in Hong Kong as the territory is increasingly used as a servicing ground for investments in China and in the region.

Analysts point to the admission of Taiwan's three largest banks, all state-owned, as further evidence of Taiwan's plans for Hong Kong.

First Commercial Bank and Chang Hwa Commercial Bank were given the mandate last week to operate a liaison office in Hong Kong, following the lead of Hua Nan Commercial Bank. The three together process about 70 percent of Taiwan's foreign trade.

Still, analysts see little chance of Taiwan lifting soon its ban on direct contacts with the mainland.

Taiwan will continue "testing the water, principally through an independent meeting ground," said an analyst. "Hong Kong's superb infrastructure and business setup make it perfect for the job."

The push of Taiwan's trade flagship, China External Trade Development Council, into Hong Kong a few months ago seems to fit the picture. With 36 outlets overseas, the 21-year-old body provides a reading of official policies despite its being registered as a private group.

Mr. Kenneth Lai Kin, general manager of the local office (called Taipei Trade Centre), said a key Council function was to ensure that Taiwan's swelling overseas investments were properly serviced. He added that many ventures might not have been viable without backup facilities in Hong Kong.

The territory was also important, he said, for support services such as sourcing, marketing and financing, which are crucial to Taiwanese investments in the region.

Investments abroad hit US\$1.1 billion (HK\$ [Hong Kong dollars] 8.5 billion) for the first seven months this year, compared to last year's total of US\$1.55 billion. Most went to Malaysia, Thailand and Indonesia. China ranked fourth.

But investments there are often understated, said Mr. Lai. "They may put millions into China but register a much smaller capital."

He estimated trade with China accounted for 40 percent of Taiwan's US\$12.7 billion trade with Hong Kong last year.

Taiwan Investment Viewed

HK2710062091 Hong Kong THE SUNDAY STANDARD in English 27 Oct 91 p A-4

[By Chow Ming-fai]

[Text] Hong Kong can look forward to increased investment from Taiwan in the coming months.

Taiwan's chief representative in Hong Kong, John Ni, yesterday said that his government was actively encouraging investment in, and expanding trade with, local firms.

He also said that Taiwan was willing to help China develop economically, provided that the mainland government was determined to improve the livelihood of its people.

In the past, Taiwan representatives have rarely spoken publicly in the territory.

Ni said in a speech that Hong Kong and Taiwan could serve as models for the development of different places in China.

He said Taiwan was willing to provide assistance to China through investment in trade and development but, "If one wants to get help from others, one must help one's self first".

The Taiwanese government has approved 2,700 projects to be undertaken in China by Taiwanese firms, he said. Permits have been granted to 31 projects, the largest in recent months.

He estimated that Taiwanese investment in different parts of Southeast Asia amounted to HK\$ [Hong Kong dollars] 101 billion.

USSR Trade Delegation Seeks Local Investors

HK2510014091 Hong Kong THE STANDARD in English 25 Oct 91 p B-3

[By Sandy Li]

[Text] A high level USSR trade delegation arrived in Hong Kong yesterday to lure the territory's investors.

Soviet news agency TASS general director Vitaly Ignatenco said the USSR was attempting to integrate the Soviet economy into international markets.

He was here with a group of journalists promoting a guidebook for investors planning to do business in the Soviet Union.

Mr Ignatenco said large scale economic plans in the USSR had been unable to proceed smoothly because of political instability, but this was the essence of economic reconstruction.

He admitted investors would have to take a risk but bolder businessmen would not be discouraged.

"That we are able to come here and participate in different activities already conveys the message that our country really is becoming more liberal," he said.

The 13-member delegation is promoting the guidebook as the first large scale reference book aimed to guide Hong Kong investors in the USSR.

It will be on the streets in November.

USSR's NEW TIMES MAGAZINE, Hong Kong's Vastqueen Limited, Lifelong Trading Limited and Economic Information and Agency will compile and publish the 700-page reference book USSR: Business Opportunities.

The book will outline the USSR's culture and geography, its political and economic system, and policies and laws for foreign economic activities.

"I came to Hong Kong because I am the chief editor of the book and to indicate how important we see our relationship with Hong Kong," Mr Ignatenco said.

He said the guidebook was rewritten entirely after the failed coup attempt and may still be outdated by events.

Joint Venture Formed

HK2510020091 Hong Kong THE STANDARD in English 25 Oct 91 p B-3

[By Sandy Li]

[Text] A Hong Kong company is to team up with the Russian Republic in a joint venture to facilitate investment in the Soviet Union.

Vastqueen Limited president and general manager Yang You Li, said the company aimed to provide a permanent exhibition centre in Hong Kong to display USSR products.

"We also will help Hong Kong industrialists and businessmen who are interested in investing in USSR," he said. Mr Yang expected both parties would sign an agreement in Moscow next month.

"Our company has developed trading and investing contacts in the Soviet Union for two years. We have found that many businessmen hoped to develop business relationships with the USSR but they were unfamiliar with its cultural background, society, economy policies and laws."

Mr Li said the company would help local investors to improve their understanding of the USSR.

Meanwhile, the Joint-Stock Bank Business Russia chairman Vladimir Okhlopkov, said an economic law would become effective on 27 October, which would allow free pricing system for all products, incentives to attract foreign investment and offer business tax breaks.

Mr Okhlopkov said a bank act could also be passed in November which would bring the USSR banking system closer in line to the Western countries. The USSR also expected to deal with the Letter of Credits [LCs]. But only Hong Kong Bank accept LCs from the USSR.

Macao

Basic Law Committee Delegation Leaves for Beijing

*OW2510163491 Beijing XINHUA in English
0803 GMT 25 Oct 91*

[Text] Macao, October 25 (XINHUA)—A 13-member delegation of the Macao Special Administrative Region Basic Law Consultative Committee left here for Beijing today at the invitation of the Macao Special Administrative Region Basic Law Drafting Committee.

The delegation, headed by Kang Xianyang, leading member of the consultative committee, is expected to exchange views with the drafting committee and meet officials of the Hong Kong and Macao Affairs Office under the State Council.

During its eight-day stay in the Chinese mainland, the delegation, the fourth one sent by the consultative committee to Beijing, will also visit Henan Province, central China.

Meets Ji Pengfei

*OW2610141491 Beijing XINHUA in English
1334 GMT 26 Oct 91*

[Text] Beijing, October 26 (XINHUA)—Members of a delegation from Macao Basic Law Consultative Committee exchanged views with members of the Macao Special Administrative Region (MSAR) Basic Law drafting committee on the draft of the Basic Law here this afternoon.

Later, Ji Pengfei, chairman of the Committee for Drafting the Basic Law of the MSAR, hosted a dinner for the members of the delegation at the Diaoyutai State Guesthouse.

The delegation, headed by Hong Hin-yeong, leading member of the consultative committee, arrived in Beijing on October 25. During its eight-day stay in the Chinese mainland, the delegation, the fourth one sent by the consultative committee to Beijing, will also visit Henan Province, central China.

XINHUA Official Attends Music Festival

*OW2610213991 Beijing XINHUA in English
1526 GMT 26 Oct 91*

[Text] Macao, October 26 (XINHUA)—The fifth international music festival was opened with an inauguration concert given by French and Czechoslovak artists here this evening.

Among those watching the opening performance were Portuguese President Mario Soares's wife, Macao Governor Vasco Joaquim Rocha Vieira and his wife, and Zong Guangyao, deputy director of XINHUA NEWS AGENCY Macao branch.

During the nine-day festival, 15 concerts are expected to be given by musicians from China, Portugal, Britain, France, the Netherlands, Spain, Czechoslovakia, the Soviet Union, Japan, Hong Kong and other countries and regions.

China Red Cross Society Delegation Visits

*OW2310042191 Beijing XINHUA in English
0310 GMT 23 Oct 91*

[Text] Macao, October 23 (XINHUA)—A delegation from the China Red Cross Society led by its vice-president Sun Baiqiu is here for a three-day visit at the invitation of the Macao Red Cross Society.

Sun Baiqiu told reporters that the delegation came here to express heartfelt thanks to the Macao compatriots for their support and sympathy with the flood victims in east China and to enhance understanding and cooperation with the Macao Red Cross Society.

The delegation visited a local blood donation center and some hospitals yesterday. The visitors arrived here Monday.

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